

Pooling Alberta's Wheat



ISSUED BY

ALBERTA CO-OPERATIVE WHEAT PRODUCERS LIMITED
(THE ALBERTA WHEAT POOL)

CALGARY, ALBERTA

JANUARY, 1928



Pooling Alberta's Wheat



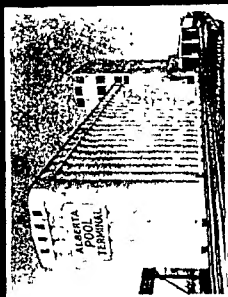
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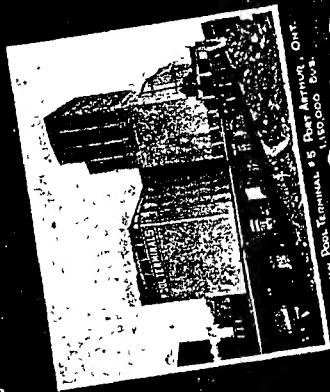
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CANADIAN POOL TERMINAL #1 PORT WILLIAM, ONT.
CAPACITY 150,000 BUS.



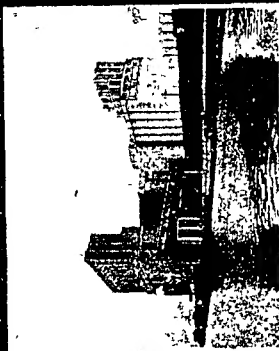
ALBERTA POOL TERMINAL
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CANADIAN WHEAT POOL TERMINAL ELEVATORS

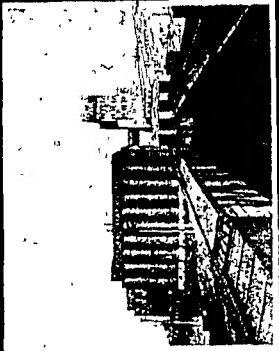
A few of the giant elevators operated by the Wheat Pools of Canada at the terminal points. These pools control a total capacity of 2,000,000 bushels of terminal elevator capacity.



SKSACHTEWAN POOL TERMINAL #4 PORT ARTHUR
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ALBERTA POOL TERMINAL
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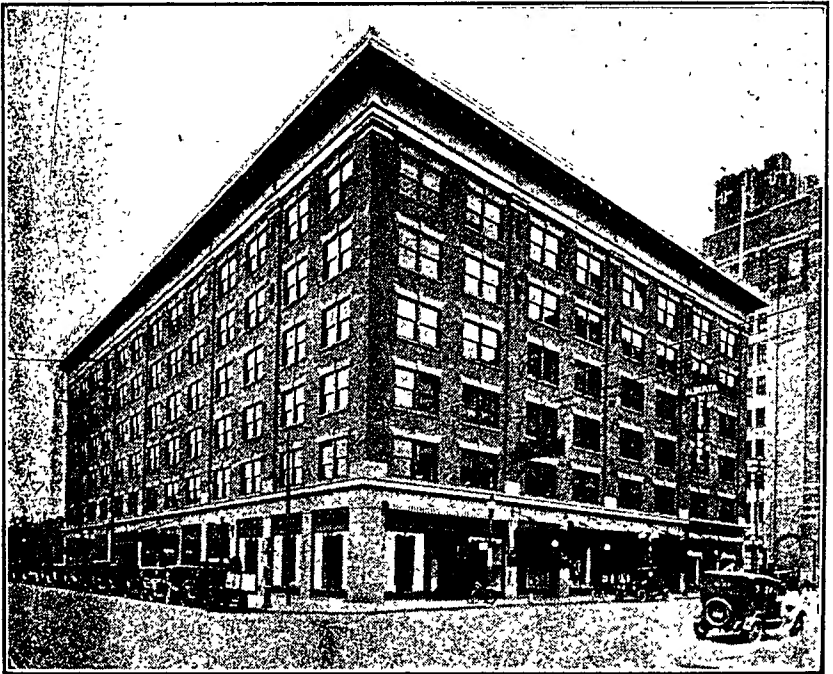
INTRODUCTION

The primary purpose of this booklet is to give farmers a concise picture of the organization and operating methods of the Alberta Wheat Pool.

The secondary purpose of the booklet is to serve as a handbook of information to the many Alberta citizens who, though not directly connected with the industry of farming, are anxious to render a service to the province by advancing the co-operative movement.

Any one desiring information on any phase of the Pool's operations should write to the Publicity Department at the head office in Calgary.

The Pool will gladly send this and similar pamphlets to anyone free of charge.



*Head Office of The Alberta Wheat Pool,
Calgary, Alberta, Canada*

The image is a composite graphic for the Alberta Wheat Pool. At the top, three portraits of men in suits are arranged horizontally. Below them is a banner with the text "BOARD OF DIRECTORS ALBERTA WHEAT POOL" flanked by two crosses. In the center is a crest featuring a sheaf of wheat. Below the crest are three more portraits of men in suits, arranged in a triangular pattern. Each portrait is accompanied by a name and title in a stylized font.

Top Row:

- C. D. BROWN**
DIRECTOR FOR SOUTHWEST
- W. H. HARRISON**
DIRECTOR FOR CENTRAL
- W. H. HARRISON**
DIRECTOR FOR NORTHWEST

Center:

**BOARD OF DIRECTORS
ALBERTA WHEAT POOL**

Bottom Row:

- GEO. BENNETT**
DIRECTOR FOR EDMONTON
- R. A. MACPHERSON**
DIRECTOR FOR N. CALGARY
- J. JESS STANG**
DIRECTOR FOR S. CALGARY

I. BRIEF HISTORY OF THE ALBERTA WHEAT POOL

The impression is prevalent in some quarters that the Wheat Pool is a mushroom-like growth which has its roots in post-war depression and that soon the root base will be gone and the Pool bubble will wander around aimlessly for a while and eventually be punctured by the sharp lances of the private Grain Trade. Those who hold such views do not understand the history of the Pool movement. The Wheat Pool is the final culmination of over three decades of strenuous effort by enterprising prairie farmers to evolve a satisfactory system of grain marketing. In the words of the Chairman, H. W. Wood, the Pool is the farmer "marketing his own wheat in his own way."

For the benefit of those who have not followed the struggles of prairie farmers to place the full control of Western Canada's principal industry—wheat production—in the hands of the producers, we trace very briefly the organized farmers' steps for two score years.

Early Struggles

Shortly after the completion of the Canadian Pacific Railway in 1885, which opened up the western plains, the production of wheat increased rapidly. An acute shortage of handling facilities soon developed. The Canadian Pacific Railway offered concessions to companies who would build elevators along its line. The Company also prohibited the use of flat warehouses for temporary storage and refused farmers the right to load their grain into cars from loading platforms. These severe restrictions virtually placed the private grain companies in a monopoly position, as farmers, having no alternative, were obliged to accept the price, grade and dockage the grain companies offered.

Farmers complained bitterly over the unfair treatment they received and finally a Royal Commission was appointed in 1899 to investigate the grain trade. The Commission held that the farmers' stand was justifiable and recommended reforms to remove the cause of the complaints. The suggested changes were incorporated in the Manitoba Grain Act of 1900. The Act provided that the railroads were to permit the building of flat warehouses and were to provide loading platforms at shipping points. The Act also stated that farmers were to be treated justly in the distribution of cars, but the cars were never distributed fairly. The elevator companies got more than their share. Having won the right to load their own grain farmers could not exercise it as they had not sufficient cars.

First Organized Effort Bears Fruit

The farmers continued to fight for fair treatment. In 1901 they organized the Territorial Grain Growers' Association in what is now Saskatchewan. The new Association strained every effort to improve the system of grain marketing. It took legal action against the Canadian Pacific Railway in 1903 and was successful in getting the car distribution clause of the Manitoba Grain Act recognized.

By 1905 the private line companies had gained almost complete control of the grain trade at country points. From previous experience farmers knew that local country elevators could not compete successfully with the firmly entrenched line companies so in 1906 they organized the Grain Growers' Grain Company. The new company purchased a seat on the Winnipeg Grain Exchange, where it operated a commission business. By means of loading platforms in the country and their own representative on the Winnipeg Grain Exchange, farmers at last escaped in part from monopoly practices of private companies.

Farmers Expelled from the Grain Exchange

All went well for the new company for a while. Farmers sent it about one hundred cars a week and were well pleased with the service they received. But the Private Trade would not give in so easily. After six weeks of successful operation the new company was suspended from the Winnipeg Grain Exchange. The farmers' company offered to meet the objections raised by the Exchange but its application to be reinstated was refused. The Manitoba government finally lent its support to the farmers' cause and characterized the action of the exchange as "arbitrary and unjustifiable exercise of powers conferred through your charter." Eventually, the farmers' cause won and the company was reinstated as a member of the Exchange.

Demand for Local Elevators

Farmers were not satisfied with the improvements at country points and contended that local elevators were needed to serve the producers. An attempt was made to get the governments of the prairie provinces to acquire and operate a chain of elevators to safeguard the farmers' interests. The Alberta and Saskatchewan governments turned down the proposal. The Manitoba government accepted it and acquired about 170 elevators during the years 1910-12. Due to a variety of reasons the venture proved a failure and after suffering a heavy loss the Manitoba government leased the elevators to the Grain Growers' Grain Company in 1912.

Co-operative Elevators in Saskatchewan

The Saskatchewan government appointed a commission in 1910 to make a study of the grain trade in the province and recommend steps to bring about improvements. The Saskatchewan Co-operative Elevator Company was formed in 1911 as a direct result of the commission's report. The ownership and control of the company was vested in the farmers' hands. The Saskatchewan government lent 85 per cent of the necessary capital to build the elevators, to be paid back on the amortization plan over a period of twenty years, and guaranteed the company's bank accounts.

Alberta Farmers Co-operate

In 1913-14 the Alberta Farmers' Co-operative Elevator Company was organized. The provincial government provided 85 per cent of the necessary capital for the construction of elevators and guaranteed the company's bonds. The Alberta government, unlike the Saskatchewan government, did not guarantee the company's bank accounts, so it depended on its financial and selling agent, the Grain Growers' Grain Company, for working capital. The ownership and control of the new company were vested in the farmers' hands.

Steps were taken in 1915 to amalgamate the three farmer companies which finally resulted in the union of the Alberta Farmers' Co-operative Elevator Company and the Grain Growers' Grain Company in 1917 under the name of the United Grain Growers Limited. The Saskatchewan Co-operative Elevator Company continued to operate independently.

Services of Co-operative Companies

The record of the two large co-operative companies since 1917 is fairly well known. Both operated country and terminal elevators and export departments. Both had seats on the Winnipeg Grain Exchange and both used the existing market machinery and followed the trade customs. Both attempted, through direct competition, to give the producers a better price than was received from private concerns. Up to 1923 the two companies had acquired about 900 country elevators and operated terminal facilities with a capacity of thirty million bushels. At the time of the Pool's appearance the two companies had a combined membership of 63,000 and handled about 25 per cent of the total amount of grain marketed in Canada. The co-operative companies eliminated many of the abuses prevalent in the grain trade and rendered invaluable services to the producers. As a result of the co-operative companies' activities farmers received a much wider knowledge of the grain business than they had hitherto. The undoubted commercial success of the companies proved the ability of the farmers to attend to their own business and indicated the possibilities of co-operation on a larger scale. In a word, they paved the way for the next important step—the Pool—in the evolution of an extensive farmer-owned and controlled marketing system.

Farmers' Economic and Social Societies

Throughout the period of the agitation for and the development of improved marketing machinery the various educational or economic associations played an important role. The first of these, The Territorial Grain Growers' Association, which later changed its name to the Saskatchewan Grain Growers' Association, was instrumental in organizing the Grain Growers' Grain Company. Similar organizations in the other provinces, the United Farmers of Manitoba and the United Farmers of Alberta (the result of the amalgamation of the Canadian Society of Equity and the Alberta

Farmers' Association), aided greatly the many much-needed reforms in grain marketing. These provincial educational associations spoke with one voice on federal and inter-provincial problems through the Canadian Council of Agriculture, a federation of the provincial bodies.

The Birth of the Pool

The strong demand for some form of centralized selling, similar to the plan the Pool now follows, grew immediately out of the farmers' experience with stable prices during the Great War. In Canada, as in the United States, Australia and other countries, the wheat crop during the later years of the war was controlled by the government. During the crop years of 1917-18 and 1918-19 the Wheat Export Company, which represented the British Government, was the sole exporter of Canadian Wheat. The Board of Grain Supervisors, appointed by the Dominion Government, had complete control including the fixing of the price, of the Canadian grain markets. For the crop year of 1919-20 the form of control was changed. A Royal Commission on Wheat Supplies was formed which had full charge of purchasing grain for Britain, France and Italy. To meet this new type of purchasing agency the Dominion Government instituted the Canadian Wheat Board.

Success Of Wheat Board

The Wheat Board had complete control over the export and domestic distribution of all grain in Canada. It had power to set the prices of grains, flour and feeds, and regulate all the grain handling and milling facilities in the country. The Board was a great success. It paid an initial price of \$2.15 per bushel, basis No. 1 Northern at Fort William, and a final payment of 48 cents. Faced with many difficulties the Board proved its ability to cope with the problems and render an account of its stewardship which met with hearty and widespread approval.

Wheat Board Discontinued—Prices Tumble

In the summer of 1920 the private grain trade sent a delegation to Ottawa which urged upon the Dominion Government the desirability (from whose point of view?) of discontinuing the Wheat Board. The Canadian Council of Agriculture passed a resolution in July, 1920, which was re-affirmed in October of the same year, which urged the government to continue the Board. In July, 1920, the Canadian Government announced that it had definitely decided to discontinue the Wheat Board and restore the open market for the handling of the 1920 crop.

The drastic decline in wheat prices in the fall of 1920 caused widespread dissatisfaction among growers. In October, 1920, the Canadian Council of Agriculture, after considering a plan for a voluntary co-operative wheat marketing agency, presented by J. R. Murray of the United Grain Growers, appointed a committee to investigate the possibilities of organizing a new co-operative marketing agency and report to the next meeting of the Council. The committee consisted of H. W. Wood, president of the United Farmers of Alberta, F. W. Riddell of the Saskatchewan Co-operative Elevator Company, and J. R. Murray of the United Grain Growers.

Report of First Wheat Pool Committee

The committee submitted plans to the Canadian Council of Agriculture on December 7, 1920, for the formation of a Wheat Pool based on a five year contract similar to the one used at the time by the non-stock, non-profit co-operative wheat pools in Washington, Idaho and Oregon. The committee informed the Council that it was of the opinion that at least sixty per cent of the acreage under wheat in the three provinces should be signed under contract to ensure the success of the enterprise.

J. R. Murray explained the proposed pool to the delegates at the conventions of the United Farmers of Manitoba and the United Farmers of Alberta and Hon. George Langley placed it before the convention of the Saskatchewan Grain Growers' Association. The Council appointed a special committee consisting of one representative from each of the farmers' organizations represented in the Council and two from the United Grain Growers, and two from the Saskatchewan Co-operative Elevator Company to proceed at once to organize the pool. The conventions of all three farmers' organizations in the prairie provinces endorsed the action of the Council and urged it to bring the new plan into operation as soon as possible.

Saskatchewan's First Plan

Premier Martin of Saskatchewan announced on January 8, 1921, that he had appointed a committee composed of James Stewart, who had been president of the Canadian Wheat Board, and F. W. Riddell, general manager of the Saskatchewan Co-operative Elevator Company, to investigate the wheat marketing system and recommend steps to build a superior system. In May, 1921, the committee reported in favor of an extensive co-operative marketing system but favored a voluntary pool rather than one based on a contract.

Farmers March to Ottawa

The proposed pool was discussed by farmers throughout 1921. The great success of farmers' candidates at the polls in the general election of 1921 changed the complexion of the problem somewhat. The pool committee reported to the Canadian Council of Agriculture in 1921 that it had gone into the proposed pool very thoroughly and had found "that under existing conditions it will not be possible to secure such contracts assuring delivery to the pool for five years of all the wheat of farmers raising 60 per cent of the total," and that they "cannot recommend that the original project be further prosecuted for the time being." The Council accepted the committee's report and referred the matter of re-constituting the Wheat Board to the farmers' annual conventions. All three provincial organizations in convention favored the re-establishment of the Canadian Wheat Board.

Dominion Government's Contribution

The farmers' representatives, who had a strong voice in the House of Commons at Ottawa, urged the government, in 1922 to listen to the unanimous voice of the prairie farmers and re-establish the Canadian Wheat Board. The federal government replied that the 1919 Board was established under a special war measure and that it had no constitutional power to create such a Board in peace times. But the farmers would not give in and prevailed upon the government to pass the legislation within its power leaving the interested provinces to pass the necessary supplementary legislation and nominate the members of the Board.

Provincial Government's Contribution

Special sessions of the legislatures were called in Alberta and Saskatchewan, both of which passed the necessary legislation. Manitoba could not follow suit in 1922 so the farmers were forced to sell their crop of 1922 on the open market. In April, 1923, the Manitoba government introduced a wheat board bill but it was defeated by a vote of 24 to 21. Premier Dunning, on behalf of Saskatchewan, and Premier Greenfield, on behalf of Alberta, continued their efforts to form a wheat board without Manitoba. In June, 1923, however, they announced that they were unable to create a board "combining all the necessary elements of experience, ability and public confidence."

Farmers in Desperate Plight

In the meantime farmers had sold their crops of 1921 and 1922 below cost of production. Farmers throughout the west were in a desperate plight. They had been urged by the federal and provincial governments, and by numerous patriotic societies, to strain every effort to produce more and more food for the struggling Allies. They responded to the call of their country valiantly. With the cessation of hostilities, the consequent disruption of European purchasing power and the so-called return to normalcy, the farmers found themselves heavily in debt and unable to liquidate the obligations they had incurred during the period of expansion which occurred during and following the war, with the ruinous prices which they received for their crops of 1921 and 1922. But they were not dismayed by the failure of the governments to set up a wheat board and with grim determination they returned with renewed vigor to formulate plans for a co-operative pool.

July 1923—Making Progress

In July, 1923, the United Farmers of Alberta appointed a committee consisting of Stephen Lunn, W. J. Jackman and A. R. Brown to proceed with the organization of a pool. During the same month the Farmers' Union of Canada, an organization newly formed in Saskatchewan, appointed a committee of ten to create public opinion in favor of a pool. During the same

month the United Farmers of Manitoba appointed a committee of three to press for the formation of a wheat pool. The U.F.M. announced later in the month that a pool could not be organized to handle the whole of the 1923 wheat crop. The Saskatchewan Grain Growers' Association appointed a committee of three to carry on the work to form a pool at the end of the month. The committee announced plans to form a purely voluntary pool without a contract.

The 1923 Drive for Membership

The *Calgary Herald* and *Edmonton Journal* invited Aaron Sapiro to come to Alberta to speak on co-operation. Mr. Sapiro's meeting aroused great interest and resulted in increased enthusiasm for the pool.

In the early part of August, 1923, a committee representing the U.F.A., the unorganized farmer, the press, the government, the banks and other business interests, proceeded with the preliminary work of organizing a pool. The drive started on August 20th, 1923. The objective set was 50 per cent of the 1922 acreage of wheat. The contract provided that if the objective was not reached by September 5, 1923, the trustees of the pool could proceed with the organization after the signatories had been given an opportunity to withdraw. The drive was carried on with great enthusiasm by volunteers who gave their time gratis. Bankers, business and professional men and farmers turned out in droves and scoured the country for signatures. When the drive ended on September 5, 1923, the pool was only five per cent short of its objective. Members were given until September 22, 1923, to withdraw. The additional acreage signed between September 5th and September 22nd was greater than the acreage withdrawn.

Following Mr. Sapiro's address to the Farmers' Union in Saskatchewan the Saskatchewan Grain Growers' Association abandoned their plan for a voluntary wheat pool and joined hands with the Farmers' Union to establish a pool based on a five year contract.

Saskatchewan Drive

The campaign for signatures in Saskatchewan started on August 29th, 1923. The Saskatchewan contract, unlike the one used in Alberta, specifically stated that if 50 per cent of the 1922 acreage was not signed up by September 12, 1923, the contract was null and void. The time allowed was too short as when September 12th arrived the objective had not been reached. However, waivers were secured to extend the date for reaching the objective. The campaign was carried on throughout the winter of 1923-24 and the objective reached in the summer of 1924. The United Farmers of Manitoba postponed their drive until 1924.

Alberta Pool Starts Operations

Late in September, 1923, steps were taken to put the Alberta Pool in operation. After a few weeks' negotiation the elevator companies signed a contract, similar to the one used by the Wheat Board in 1919-20, to handle pool wheat. The Canadian Bankers Association agreed to advance the Pool a line of credit for \$15,000,000 at 6½ per cent interest, on the security of terminal warehouse receipts, and an initial payment of 75c per bushel basis No. 1 Northern at Fort William. The Alberta Pool opened for business on October 19, 1923. Although faced with many difficulties pioneering in a new field, the Alberta Pool carried its first year operations to a successful conclusion by marketing over 34 million bushels of wheat at a cost of one-half of a cent per bushel and returned a net price to its members of \$1.01 basis No. 1 Northern at Fort William.

Central Selling Agency Organized

In the summer of 1924 the farmers of Manitoba and Saskatchewan joined the pools in great numbers. Permanent boards of the two new pools were soon elected. Representatives of the three Pool Boards met in Regina late in July, 1924, and organized, under Dominion Charter, the Canadian Co-operative Wheat Producers Limited, commonly known as the Central Selling Agency.

Since the Alberta Pool started the membership of the three pools has grown to approximately 140 thousand. The three organizations have at present over fifteen million acres of wheat under contract and have handled to date over 480,000,000 bushels of wheat and 84,000,000 bushels of coarse grains. The total gross turnover of the three pools to date has been approximately \$674,000,000.

II. THE ORGANIZATION OF THE ALBERTA WHEAT POOL

The Structure of The Organization

The structure of the Alberta Wheat Pool is built on a firm co-operative foundation. The first cardinal principle of the Pool is democratic control by the producers. Each member has only one vote and therefore exercises a voice in the management of his association equal to any other voice. The second cardinal principle of the Pool is that it is a non-profit organization—one which operates solely to render efficient services to its members at cost and not to earn a profit on capital invested.

The membership of the Pool is open to any wheat grower in the province. The membership embraces every nationality in the province. The individual acreage varies from 5 to 112000 acres. The membership includes H.R.H. The Prince of Wales, mortgage, trust and real estate companies merchants, landlords and tenants.

How Delegates and Directors are Elected

For the organization purposes of the Alberta Wheat Pool the province is divided into seven main districts. Each of these districts is divided into ten sub-districts. Each sub-district is represented by a delegate elected by the Pool members of the sub-district in which he lives. Each main district is represented by a director who is elected annually by the ten delegates from his district. It is not necessary to be a delegate to be elected a director. The seven directors constitute the governing body of the Alberta Wheat Pool. The by-laws of the association provide for the recall of delegates and directors. Every Pool member is furnished with a list of all the Pool members in his sub-district some time during the first two weeks in May. Any member can secure the nomination of his choice for delegate by obtaining the signatures of ten Pool members on the nomination paper. A nomination paper is contained in every membership list, a copy of which is sent to all Pool members. The nominations must be in the hands of the secretary by June 15th. No nominations will be accepted after that date. Following receipt of the nominations by the secretary a ballot paper, upon which are printed the names of all the candidates nominated in each sub-district, is sent to each member some time during the last two weeks in June. The ballots must be marked by the preferential system and returned to the secretary before July 31st. No ballots will be accepted after July 31st.

Functions of Pool Locals

The Alberta Pool has 275 Locals. Each Local has a chairman, a secretary, and any number up to five directors. The locals have no authority or managerial responsibilities respecting Pool operations. They are formed on a purely voluntary basis. The chief functions of the local are to keep in touch with the head office and Pool officials, arrange meetings, distribute Pool literature and keep all members in the community posted on the operations of their organization. The Pool locals have rendered invaluable service to the entire organization. Without local organizations the Pool could not possibly keep in touch with its members as well as it has done. Moreover, the local organizations save the Pool a great deal each year. On many occasions local officers, by distributing Pool news, have saved the Pool \$2500—the cost of sending a circular to each member.

Any group of members at any point in the province may form a local at any time. Any member who wishes to form a local may receive the necessary instructions, by-laws, forms and stationery from the Pool secretary at Calgary. The locals are not only of great assistance to the central organization but they are of great service to the members in the country. The local secretary is notified regularly from the head office regarding all important Pool matters, consequently he is able to furnish members with up-to-date Pool information at all times. Any community without a local is strongly urged to take steps to form one.

The seventy delegates meet during the fourth week of November of each year to hear the annual reports presented by the board and the various

departments, and formulate policies to be carried out by the board. The board meets regularly each month to direct the affairs of the association.

The Pool Management

The governing body of the Alberta Wheat Board is the board of directors. The present membership of the board is as follows: H. W. Wood Carstairs, Chairman; George Bennett, Mannville; Lew Hutchinson, Duhamel; C. Jensen, Magrath; R. A. Macpherson, Delia; Ben S. Plumer, Bassano and J. Jesse Strang, Claresholm. Only two changes in the personnel of the board have occurred since the permanent board was elected; J. Jesse Strang was elected to succeed O. L. McPherson, who resigned from the board in 1926 to become provincial minister of public works; George Bennett was elected to succeed W. J. Jackman, who was recently appointed to represent the Central Selling Agency in South America.

As many rumors have been circulated regarding the salaries paid Pool directors we wish to emphasize that the only remuneration paid the members of the board of directors, including the chairman, is an allowance set by the delegates at their annual meeting, of \$15.00 for each day spent on Pool business. The total sum paid the seven directors during the Pool year 1926-27, which includes all their travelling expenses, was \$22,132.24, of which \$3,517.75 was incurred in connection with the drive for sign-up of Second Series Contracts, and \$3,077.24 incurred in operation of Pool elevators. The directors pay all other expenses out of their allowance.

The board meets each month to administer the affairs of the Pool. To facilitate the transacting of business the board elects several committees. Each committee is charged with the responsibility of supervising certain branches of the Pool's activities and render an account of its stewardship to the full board for approval. The board committees are as follows:

Interprovincial: H. W. Wood, C. Jensen, R. A. Macpherson.

Contract: J. Jesse Strang and George Bennett.

U.F.A. Paper: J. Jesse Strang.

Membership Contract: R. A. Macpherson, J. Jesse Strang.

Office: Ben S. Plumer and George Bennett.

Elevators: Lew Hutchinson and Ben S. Plumer.

International: Lew Hutchinson.

Pool Departments

The manager of the Alberta Pool is appointed by and is responsible to the Board of Directors. The administration of the head office is organized into five departments: secretary's department, grain department, growers' department, supplies department and department of publicity. With the exception of the secretary's department which is directly responsible to the board, all the departments are responsible to the manager who in turn reports to the board.

The head office staff and the staff of the branch offices located at Winnipeg, Edmonton and Vancouver are chosen and supervised by the manager. The minimum permanent staff is eighty. Additional help is required during the heavy handling season. To protect the association in the event of any staff members defaulting, since the inception of the Pool, every male member of the staff is bonded, the amount varying according to the relative importance of the position.

The Pool employs an efficient firm of chartered accountants, Harvey and Morrison, to audit all Pool accounts. The auditors keep a constant check on every phase of the Pool's

business. Any aspects of the association's records which do not comply with the auditors' views are immediately referred to the manager and adjusted to the auditors' satisfaction.



R. D. PURDY

*Manager Alberta Wheat
Pool; formerly Assistant
Manager Edmonton branch
Bank of Montreal.*

The supplies department, in charge of Charles Barrett, is responsible for printing, stationery and supplies required by all Pool and Pool Elevator departments. The supplies department handles all mail; on an average 1400 pieces of mail are despatched each day. A careful check is made each month of the expenses of every branch of each department. The monthly expense account of each department is a valuable guide and has resulted in many economies by changing methods and installing labor saving equipment.

Employees Get Moderate Salaries

All members of the pool staff are well fitted for their particular task by experience. Those employed in the technical phases of the work have had years of experience in the grain trade. Members may dismiss as anti-Pool propaganda all the rumors they hear about Pool employees getting fabulous salaries. If any member is interested in the salaries paid any or all Pool officials he may secure the information by asking any Pool director or by writing to the Pool office.

The Wheat Pool and Pool Elevator staffs have formed a recreation and educational club known as the "Wheat Kernels." The club has developed a fine esprit de corps through its many sporting leagues and through its debating and educational activities. The club's expenses are defrayed by monthly assessments on each member. Many members of the staff have taken advantage of the protection offered at very low rates by the Pool's group insurance. The life insurance premiums are paid by the Pool and the sickness and accident premiums are paid by the staff.

THE SECRETARY'S DEPARTMENT



R. O. GERMAN
*Secretary of Alberta Wheat
Pool*

The principal function of the secretary's department is to act as the point of contact between the individual members and the board of directors and various departments and officers of the association. The department is a sort of clearing house as it classifies the suggestions from members and places them before the board for its consideration.

The department welcomes correspondence from members as an indication of their interest in their association and endeavors to answer all letters fully and promptly. The letters sent out by the department number about 25,000 per year. A great deal of the correspondence is with the 275 Wheat Pool locals scattered throughout the province. One of the principal duties of the department is to build up and maintain a sympathetic and intimate contact between the locals and the head office. The secretary is in constant touch with the officers of the locals and despatches any information which he wishes them to disseminate to the membership in each community.

The secretary of the association is also secretary to the board of directors of the Alberta Wheat Pool and the subsidiary company Alberta Pool Elevators Limited, which meets at least once each month to supervise the operations of the Pool and Pool elevators, scrutinize accounts and records, and receive reports from the various departments. In addition to carrying on all the correspondence for the two boards the secretary is charged with the duty of keeping an authentic and comprehensive record of the proceedings of all board meetings.

Deliveries by Members; Breach of Contract

The department investigates all cases where the Pool contract has apparently been wilfully violated. Many of the reported breaches prove on investigation to be unfounded. All cases in connection with which sufficient evidence is accumulated to warrant the conclusion that the contracts have been wilfully violated, are placed before the board of directors.

The secretary's department is also responsible for the supervision of the annual election of delegates. The department also sends out forms

each spring requesting members to fill in their wheat acreage. In the autumn, forms are sent to all members requesting them to report the size of their crop.

The department also supervises the work of the Pool's representative, Mr. Babiuk, who is doing field service among the Ruthenian farmers in the northern part of the province, especially between Edmonton and Vermilion. The Alberta Pool has only one field service man. However, the large number of meetings held by the members of the board in their respective districts takes the place, in part at least, of the work done by field men in Saskatchewan and Manitoba.

THE GRAIN DEPARTMENT

Wm. McLeod is in charge of the grain department. The following account of the department's activities was given by T. R. Humphries, formerly in charge of the department, at a special meeting of Wheat Pool delegates in June, 1927;



WM. McLEOD
*Superintendent of Grain
Department, Alberta Wheat
Pool.*

The work carried on by the grain department is that of making records concerning the receipt and delivery of grain by the various receiving agencies. The elevator agent in the country makes a daily report to his head office of all growers' receipts which he has issued; they in turn send a report to the Pool office each day of all Pool wheat received through their elevators. Included with this report are the duplicates of the growers' receipts. The elevator company is charged with the receipt of this grain and the individual growers are credited with their deliveries.

When the elevator companies deliver this wheat to the terminals they receive the initial payment, and the delivery of the wheat is recorded in our books so that at any time we have information as to the amount of Pool wheat received and shipped from each elevator in the province.

Checks on Accuracy

Our accounting system has been arranged so that each part is interlocking. That is, that the work of one man or one department is dependent for balance upon the accuracy of another person or department. For instance, the receipt of grain is charged up to the elevator company that receives it, and the growers' receipts are distributed to the various growers' accounts, and the total of the grain which we have charged up to all the elevator companies must therefore agree grade by grade with the total of the wheat credited to some forty thousand growers' accounts. We have a still further check on the accuracy of our records inasmuch as we must at some time during the season agree with the elevator companies on the amount of wheat which they have received. So that as far as receipts are concerned we have practically a three-way balance, which we find no difficulty in maintaining and balancing each grade right to the pound.

In handling shipments of Pool wheat, there is the same necessity for accuracy when wheat is received by the Pool from elevator companies. It is credited to that company to apply against their receipts and we immediately turn such wheat over to the Canadian Co-operative Wheat Producers for selling, therefore, the amount which we credit to the elevator company during the season must agree with the elevator company's records, grade by grade, and must also agree with the records of the Canadian Co-Operative Wheat Producers as to the amount that we have turned over to them for selling. The final deliveries of the elevator company must agree with the total receipts. Accuracy in all our records is therefore an absolute necessity. If an error is made in any part of this work it immediately shows up in the fact that it is off balance with some other record which is dependent upon it.

The method of recording shipments of the elevator companies is a little more complicated. In the case of shipments of wheat to the eastern terminals, elevator companies deliver terminal warehouse receipts to us as soon as they come into their possession, that is immediately after cars are unloaded, and we have nothing whatever to do with the running of the cars. These warehouse receipts are presented to our Winnipeg office and the initial payment is paid immediately for distribution to shippers of "special bin" in cars or to reimburse them for initial payment paid on street wheat.

Wheat Diverted Where Required

Owing to there being a number of points in the west at which wheat may be required by the Selling Agency, the elevator companies usually give us bills of lading for wheat which may be shipped to Calgary, Edmonton, or Prince Rupert, so that this wheat may be diverted to wherever it is required. These bills of lading usually come into our hands as soon as cars are inspected, because, according to our contract with the elevator companies, they are responsible for the checking of inspection of all Pool cars which they handle. When these cars arrive at the terminals we make settlement of the initial payment to the elevator company, which in the case of special bin cars is passed on to the grower by them. In 1926-27, through our Calgary office, we have handled nearly 22,000 bills of lading. We make advances to the elevator companies on practically all cars. We pay freight on all these cars and we must record the running record so that we have a complete history of each car. This entails a considerable amount of work

Check on Elevator Companies

In addition to keeping records, it is the duty of our department to keep a continual check on the elevator companies to see that they are making deliveries according to the terms of our contract.

There is an impression among many members that the elevator companies could take in top grades and deliver low grades to the Pool and the Pool suffer financial loss by them doing so. This is not true. The elevator companies must deliver the grades which they have received, as far as possible, and even if they do not do so they are paid only for the grades of wheat which they deliver to us. Consequently, if they take in No. 1 Nor. Pool wheat at an initial payment of \$1.00 per bushel and deliver No. 3 Northern to the Pool, they would only be paid the initial payment for No. 3 Northern, which is at a discount of eight cents under No. 1 Northern, so the Pool cannot suffer in this way. There is also a further adjustment at the end of the season.

Service Department

In connection with the grain department the Pool maintains a service department fully equipped for testing and grading, with a competent grader in charge. This service is free to all members. Any member may have his grain tested for moisture by sending a sample (about a pint) in a sealed container to the grain service department.

The Pool's representatives at Calgary, Edmonton, Vancouver and Winnipeg check inspection on all cars if they receive word from the shipper giving the numbers of cars, place and date of shipment, and destination. Over the 1926-27 season, at the above mentioned inspection points, re-inspection and surveys were called by our Association on 1777 cars, resulting in 614 grades being raised, 8 lowered, and 1155 with original grade held, and with a net gain to Pool shippers of \$60,535.46 based on Pool spreads. During the season 1,503 moisture tests were made for Pool members at Calgary and Edmonton. Members are also given advice as to the handling and shipping of their grain.

The grower's receipt issued by the elevator company shows the initial payment per bushel. This is checked in our office, and if the grower is underpaid he is notified to point out the error to the elevator agent and secure an adjustment. We have sent out several hundred notices of this kind, which we believe is appreciated by the members.

THE GROWERS' DEPARTMENT



R. N. MANGLES
*Superintendent of Growers
Department*

R. N. Mangles, who has charge of the growers' department, gave the following account of the work of his department to a special meeting of Pool delegates in June 1927:

This department is responsible for keeping a record of the deliveries of each grower to the Pool, the making of the payments to the growers other than the initial payment and keeping the reserve accounts.

The accounts of the growers are kept by shipping points, duplicates of the receipts issued to the growers are reported to the Pool by the elevator companies. They are then posted to the account of the grower in whose name they are made out, and the total of these accounts are kept in balance by shipping points, and according to grades, with the total of the wheat delivered to the Pool according to the reports of the elevator companies.

When payments are being made, the wheat is multiplied by the rate of payments per bushel, cheques are issued and the accounts balanced in dollars and cents before the cheques are mailed.

The growers are asked to forward their checking coupons, as this has been found to be the simplest and most efficient method of ascertaining that the accounts are in order, and making sure that payments are made correctly.

"Cut Off" System Explained

It has been found necessary to make two distinct issues of cheques in connection with the payments. This is caused by the fact that in order that cheques may be issued promptly, a complete "cut off" has to be taken some weeks beforehand, of the postings to the growers' accounts and the checking of coupons. It would lead to endless confusion were we to attempt to post deliveries to the growers' accounts, check the coupons, multiply by the rate of payment and issue the cheques all at the same time.

The taking of this previous "cut off" or balance has led many of our members to believe that there was an error in their payment, the explanation being that the delivery or deliveries in question had not been reported to us at the time of this "cut off" or that the coupon had not been checked off.

Since the inception of the Pool, this department has posted approximately 14 million bushels to the accounts of Pool members and has made payments of over 54 million dollars. This year we have some 40,000 accounts which are in balance with the 99 different grades of wheat delivered to the Pool by its membership.

The Growers' Reserves accounts are kept by totals of deliveries made by each grower, in exactly the same manner as the growers' accounts are kept. The totals of bushels are multiplied by the rate of reserve deductions, and a complete record is kept of the amount at the credit of each grower, according to the station or stations at which he delivered the wheat.

A year ago we forwarded to each member a statement showing the amount deducted from the final selling price of his wheat for commercial and elevator reserve purposes. This statement covered deductions made from the deliveries to the 1923 and 1924 Pools. On May 31st last, we mailed to each member a statement showing deduction made from the deliveries to the 1925 Pool and the present position of his account after interest on the elevator reserve from August 31, 1925, to August 31, 1926, had been added. In all cases where the amount of interest due the member came to \$1.00 or over, a cheque for this accompanied the statement.

Assignments—Points to Remember

A great number of our members avail themselves of the privilege of assigning their right to receive further payments from the Pool. Undoubtedly

many of our members use the facilities offered by the banks in this manner for the sake of convenience. On the other hand, a number of accounts have been over-assigned or otherwise tied up, causing a great deal of correspondence. So far, in all such cases, we have succeeded in arriving at a settlement without letting our members get into the courts. It would be of great assistance if our members would refrain from giving assignments until such time as the wheat is delivered to the Pool, and also refrain from assigning the payments on more wheat than they actually deliver.

We had some three thousand less assignments filed with us this year than we had last year, which would lead us to believe that our members are gradually working themselves into a better financial position.

THE DEPARTMENT OF PUBLICITY

The department of publicity was instituted in October, 1926, to keep the members posted on the affairs of their association:

No co-operative enterprise can be a permanent success if its members do not understand how it functions. The most important factor upon which the success of any co-operative association depends is an intelligent and well-posted membership. The large measure of success the Canadian Pools have achieved to date is to a very large extent due to the keen interest of their members and the desire of the producers to obtain information regarding their organization. However, if we are to maintain the success we have attained so far, and are to accomplish still greater things in the future, the members will need to be supplied with more and more facts about co-operation in general, and their own association in particular.

No matter how successful the Pool is in getting satisfactory prices and no matter how efficiently it may be managed, it might fail in its objective to be a vital force in increasing the social and economic welfare of the producers if a sufficient number of farmers are not acquainted with the facts of its operation. The main function of the department of publicity is to furnish the members with reliable information regarding all the problems confronting their organization.

The members are, of course, the owners and final bosses of the Pool. The management is the servant of the members and owes them a thorough and frequent explanation of its undertakings. The first duty of the department of publicity is, therefore, to report fully everything the management does, with the single exception of trade information which would be valuable to Pool opponents.

Many members do not fully understand the aims and principles of co-operation. Many members do not fully comprehend the possibilities and limitations of co-operation; nor do they understand its operating methods. All of these matters the department proposes to teach, and hopes to do so in such a way that everyone will learn.

By supplying full information, and by being absolutely frank in all matters at all times, we hope to strengthen the splendid co-operative morale of our organization and develop to a fuller extent a feeling with the members of their close personal relationship to their association.

Duties of Department

The following summary gives an account of the duties of this department:

The department co-operates with the U.F.A. in the joint publication of the "U.F.A." paper, which is the official organ of the Alberta Wheat Pool, and other co-operative societies in Alberta. Since March 31st, 1927, every Pool member has been sent a copy of the "U.F.A." The news contributed to the paper by the Pool covers the operations of the various departments in detail, contains a considerable amount of information of general agricultural value, and in addition, co-operative development in other countries.

The department broadcasts news each week over the radio stations of The Calgary Daily Herald (C.F.A.C.), W. W. Grant (C.F.C.N.), and the Edmonton Journal (C.J.C.A.).

The department furnishes news regularly to 125 daily and weekly papers most of which are published in the province.

The department maintains a small library which contains a selected number of the best works on co-operation, marketing, agricultural economics.

rural sociology, scientific and practical agriculture. The library also contains up-to-date files of the publications of over one hundred of the world's leading co-operative associations and the publications of interest to farmers of the principal agricultural colleges, state, provincial and federal departments of agriculture in America.

Any member is entitled to full information about any phase of the Pool's operations with the single exception of sales data. The department will gladly furnish any member with a copy of the Pool's annual financial statement or other pamphlets which cover practically every aspect of the organization and operations of the Pool.

Chairman H. W. Wood at Broadcasting Station



Extract from Mr. Wood's address: "The observant, intelligent citizenship of Canada, and more or less of the world, give the Pool credit for better selling of wheat. In fact I know of no class of people that rises up in condemnation of the Pool except the grain traders who have been buying and selling our wheat for profit only; and their condemnation seems to me to be more persistent than logical.

"Sixty per cent of the Wheat Growers of Western Canada have already demonstrated what can be done, and no like body of farmers have ever had more just cause to be proud of their achievement. But what about the forty per cent who have contributed nothing to this great world-famous enterprise? I leave it to you with the most earnest plea that you give your position very serious consideration. The Pool needs you. The welfare of agriculture needs you. Even intelligent selfishness is calling to you."

III. ALBERTA POOL ELEVATORS LIMITED

Alberta Pool Elevators Limited was made possible by clause 6f. of the contract which permits the association to deduct a sum not in excess of 2c per bushel from the proceeds of each member's wheat to be used as an elevator reserve fund for the purpose of acquiring elevator facilities for the handling of Pool wheat.

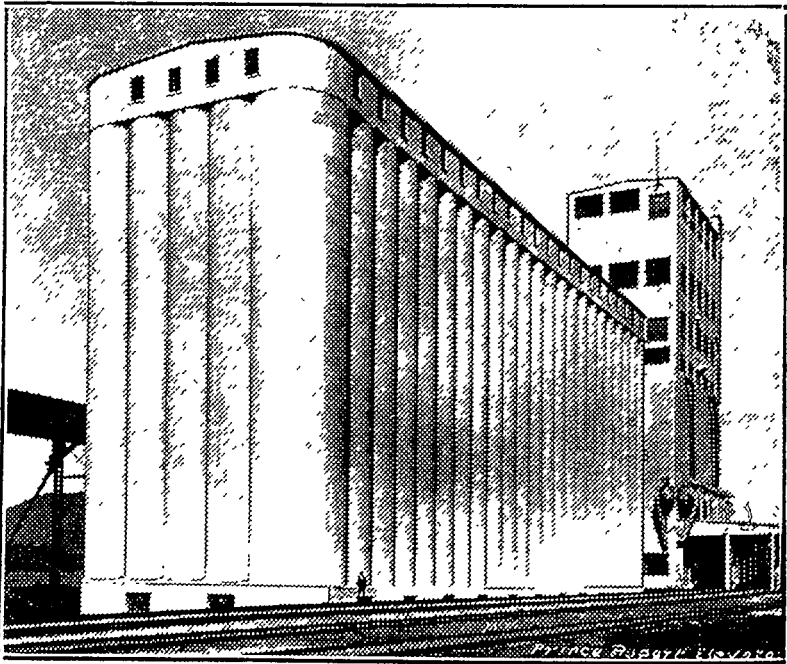
Alberta Pool Elevators Limited is a subsidiary stock company owned and controlled by the parent association—the Alberta Wheat Pool. It is governed by a board of seven directors—the same board which governs the parent organization.

As funds accumulate in the elevator reserve they are invested in shares of capital stock of Alberta Pool Elevators Limited. At the time of writing (December, 1927) the capital stock of the subsidiary is \$1,300,000; 130,000 shares with a par value of \$10. In order to enable the directors to direct the affairs of the subsidiary each director holds a few shares of stock. However all shares held by the directors are endorsed in blank so that all of the stock is held by the Alberta Wheat Pool.

The Management

The general manager of Alberta Pool Elevators Limited is C. M. Hall, formerly general manager of the Alberta Pacific Grain Co., who was appointed by and is responsible to the board of directors. The general manager has full charge of all country and terminal elevator operations and supervises the work of the head office staff, all elevator agents, travelling and construction superintendents and all other Pool Elevator employees. T. E. Oliver, formerly assistant manager of the Alberta Pacific Grain Co. is assistant manager of Alberta Pool Elevators Ltd.

Prince Rupert Terminal Elevator



Operated by Alberta Wheat Pool. Capacity 1,250,000 bushels

The Alberta Wheat Pool operated only three country houses in 1925, in spite of the fact that these houses were not opened until December the average handling per house was 99,300 bushels. The Pool operated 42 country elevators in 1926 the average handling of which was 117,487 bushels. The Pool has 160 houses handling Pool grain in 1927.

The Alberta Pool leased the new Government Terminal Elevator (capacity 1,250,000) at Prince Rupert, B.C. for the crop years 1926 and 1927. As no private grain company was willing to operate the terminal the Pool leased it for two years at \$100.00 per year. During the crop year of 1926 the Pool shipped 5,580,000 bushels through the elevator. The Alberta Pool has also leased the Vancouver Government Terminal No. 2 for one year at \$100,000. The elevator was taken over by the Pool on August 1st, 1927. The Pool is constructing a new 2,400,000 bushel terminal elevator on the finest elevator site on Vancouver Harbour. The new elevator will be ready to handle the crop of 1928.

The Alberta Pool also has an interest in Fort William Terminals No. 1, No. 2, and No. 3 (capacity 1,300,000; 575,000; and 225,000 bushels respectively) which are operated by the Canadian Co-operative Wheat Producers Ltd.

Pool Elevator Policy

The ultimate aim of the Pool is to operate an up-to-date, well equipped elevator at every wheat shipping point in the province where sufficient wheat can be secured to insure the economical and efficient operation of an elevator. To carry out this programme will take a good deal of time and money as there are over 500 wheat shipping points in Alberta. It must be understood that the Pool is now only at the beginning of things and as the years go on, more and more Pool elevators will be built, until the requirements of the great majority of Pool members have been taken care of. The fact that a shipping point is not included in the present year's programme does not mean that it will not be taken care of next year or the year following. No doubt some disappointment is inevitable at points where the members have been hoping for elevators, but this disappointment it is hoped will be only temporary, and the board feels confident that with this explanation of its policy Pool members will be quite satisfied and will be encouraged to do all they possibly can to assist in increasing the volume of wheat under contract to the Pool at their local shipping point in order to qualify at the earliest possible moment for inclusion in our next season's country elevator building programme.

The principal factors which determine whether or not a shipping point will get a Pool elevator are: the amount of grain delivered to the Pool and the acreage signed up in the district served by the shipping point. Naturally those points with a large sign-up will get elevators before those points with a small sign-up. No discrimination whatsoever is shown in selecting points. The primary consideration is: what will be best for the Pool organization. It would indeed be poor business to acquire elevators at points where only 50,000 bushels could be obtained when many points are available at which twice that amount could be received. The greater the volume handled the lower the cost.

As the funds used for building elevators are the accumulated deductions from the proceeds from the individual member's wheat, the heaviest contributions to the elevator fund are obviously from those points where the most wheat is marketed, and it would be unfair to the members at these points to take their money and use it for the purpose of building elevators at other places where the contributions from the members were lower.

Communications are frequently being received from members urging that elevators should be built at their local points in order to influence the signing of more contracts, and it is doubtless true that the provision of Pool elevators would induce the signing up of a bigger acreage in certain districts; but it is impossible for the board at the present time to consider these representations.

Wheat growers must show their faith in the Pool by signing contracts and helping to furnish the volume of grain necessary to support an elevator. To ask for the provision of an elevator as an inducement to join the Pool shows a wrong spirit and a mistaken conception of the principles of co-operative marketing. It means, in effect, seeking an unfair advantage at the expense of some of the other members who have borne the burden and taken the risks of the struggle to establish the Pool in the earlier days.

Pool Elevator Benefits

Every member should give the Pool Elevators his patronage and loyal support for the following reasons:

1. The revenue formerly paid to line elevator companies now accrues to the Pool elevators which are owned and controlled by Pool farmers.

2. If the members' grain is shipped through the Pool elevators the Pool can preserve the identity of the grain from the farmers' wagons to Pool terminals (also owned and controlled by Pool farmers) and hence to the markets of the world.

3. Pool elevators are not operated for profit. They are operated to give the farmers the best possible service. The margins which formerly went to private dealers are now returned to the farmer.

4. Grain handled through Pool elevators will be shipped to Pool terminals. The revenues made from terminal operations (which have been very substantial in the past) will be returned to Pool members.

5. The Pool elevators guarantee to Pool members a degree of safety on grades and weights which they have not hitherto enjoyed. This assurance is based upon the following facts:

(a) The agent or operator has nothing to gain and everything to lose by giving unfair grades or weights. The management of the Pool elevators will not permit any other conditions to prevail and the motivating force in the operation of all elevators will be the best possible service to all members, not a profit on the year's operations.

(b) The agent or operator is your employee and realizes that unfair weights or grades are your personal loss. Although any overage in weights or gain in grades will be distributed to Pool members at large, they nevertheless represent the personal loss of individual members.

(c) The agent or operator of a Pool elevator would be as unpopular with the members, also the management, if he produced a large overage in weights or gain in grades, as an agent for a line elevator company would be with his management if he produced a shortage in weights or a loss in grades.

Head Officials of Alberta Pool Elevators Ltd.

General Manager—C. M. HALL.

Assistant Manager—T. E. OLIVER.

Elevator Superintendent C.P.R. points—J. H. TURNER.

Elevator Superintendent C.N.R. points—C. B. MacNEILL.

Construction Superintendent—M. W. JENNINGS.

Accountant and Office Manager—T. R. HUMPHRIES.

Assistant Accountant—C. M. BISHOP.

Travelling Superintendents—H. M. PEARSON, H. L. McDONALD, A. CRUMMY, W. J. SPARKS, J. H. QUINN, J. A. ROBERTSON, J. J. McCABE.



IV. THE AIMS OF THE WHEAT POOL

The national prosperity of Canada requires a strong and stable rural community. The primary objective of the Alberta Wheat Pool is to improve the economic and social welfare of Alberta farmers by contributing to a fuller realization of the policy of better farming, better business and better living. The aims of the Pool may be briefly summarized as follows:

1. **Substitute co-operative marketing for private or joint stock companies.** Co-operative associations differ radically in many ways from the average private or joint stock company. One important distinguishing characteristic is that the former is owned and controlled by, and operated for the benefit of, those who patronize it, whereas the latter is owned and controlled by and operated for the benefit of a few individuals. Another distinguishing feature is that the individuals benefit from a co-operative association in proportion to their patronage, whereas in the case of joint stock institutions individuals benefit in proportion to their capital investment. Another noteworthy feature of a co-operative is that every member has an equal voice in the management of the affairs of his association. In the case of private establishments or joint stock companies the degree of control exercised by individuals is proportional to the amount of stock they hold.

2. **Increase the farmer's independence and income by giving him a voice in the selling of his crop.** It stands to reason that a well managed co-operative association with control of a large volume of grain can get appreciably better returns for its members than can the average individual farmer by selling his grain in a haphazard manner. Some of the reasons are: The co-operative has the latest and most up-to-date information on present and probable future grain production and consumption in all countries, and on prices in all markets. The average farmer has little or no information of this kind and could not use it effectively if he had. Many farmers have to sell their grain regardless of market conditions—the co-operative does not. The Pool has well trained and experienced salesmen who can unquestionably sell its members' grain to better advantage than the individual isolated producer.

3. **Reduce the margin between the producer and the consumer.** By having a large volume of grain passing through its country and terminal elevators the Pool has reduced marketing costs appreciably. By having a large volume the Pool gets lower water freight rates. In other words, the large turnover of the Pool enables it to take advantage of the economies of large scale production. Labor, management, rent, interest, insurance, depreciation and other necessary charges per bushel of grain handled are materially lower under the Pool than under the old plan.

4. **Secure for the farmer the maximum net returns for his crop.** Under the old order the farmer got the competitive market price for his grain and all profits went to private individuals. Under the Pool plan the farmer gets what the consumer pays, minus only the proper marketing charges. Under the old plan many individuals got large profits. Under the Pool plan there are no profits, as the farmer gets the price paid by the consumer minus only the actual costs of transferring the grain from the country to the consumers' market. The large profits made from mixing, drying and cleaning grain which formerly went to private dealers are now returned to the farmer in the form of higher net prices.

5. **Insure the farmer against the losses and uncertainty due to changing market prices.** Under the old plan some farmers got top prices, some bottom prices, and many got prices ranging in between these two extremes. Under the new order all the Pool farmers get the same price for the same quality of product regardless of when they deliver their grain. There is no uncertainty, as all members are assured a fair average price for the crop year. Before the Pool began to operate farmers never knew when to sell their grain. When the market was rising farmers thought it would rise still further and held their grain. When the market was falling farmers got scared and, thinking it would drop still lower, sold their grain, which of course sent prices tumbling down. The Pool farmer can forget about the

market and attend to his farming operations as he knows full well his grain will be sold by experts to good advantage and that he will get a fair average price for it. The Pool method of selling grain may be properly looked upon as a form of insurance. The individual farmer is insured against heavy loss due to falling markets, and the cost of such insurance is very small when it is distributed over some 40,000 members. Under the old plan the speculators bore the risk due to fluctuating markets, and very frequently, especially when prices went up, extracted handsome sums for their services. Under the new order, the entire group of Pool members bears the risk of falling prices, and reaps the gains of raising prices which formerly went to speculators.

6. By bringing together a large number of farmers to work together to their mutual advantage the Pool adds appreciably to the farmers' social life. By encouraging gatherings such as Pool, U.F.A., and other meetings the Pool has done something to overcome the greatest of all barriers to effective organization—isolation of the farmers.

7. To increase the consumption of wheat by opening up and maintaining new outlets in the Orient and other countries. Any increase in consumption means greater demand, and greater demand always means better prices.

8. To give every encouragement to the extension of better farming methods. By keeping the farmers posted on the most up-to-date and improved methods of farming, including soil tillage, the use of good seed, crop rotation, weed control, etc., the Pool will render a valuable service to its members. In order to render this service we will co-operate to the fullest possible extent with all the agencies in Canada, particularly those in Alberta, working for a better and more prosperous agriculture.

9. In a word the Pool aims to improve the farmers' standard of living.



E. B. RAMSAY
*Secretary and Manager
Central Selling Agency*



J. E. GUSTUS
*The first man to sign an
Alberta Wheat Pool contract.
He farms 2,000 acres in
Yankee Valley, near Calgary*

V. HANDLING AND FINANCING OF POOL GRAIN

The farmer who delivers his grain at the country elevator may choose one of four methods to deliver his wheat.

1. **Street Wheat.** He may deliver it as "street" wheat, which means that he agrees with the elevator agent upon the grade and dockage of the wheat as it is delivered by each wagon load and receives for each load a cash ticket representing the initial payment and also a grower's receipt.

2. **Carload Lots.** Identity of grain not maintained. As each load is delivered at the elevator the shipper may agree upon the grade and dockage with the elevator operator, and take therefor a graded storage ticket by which the elevator company agrees to deliver a like quantity and grade at the request of the owner. The owner who has delivered a sufficient quantity of wheat in this manner to fill a full carload may request the elevator company to ship a car of wheat to his order, such as represented by the graded storage tickets which he holds. The elevator company must guarantee the net weight and grade which is shown on the tickets, and this is the basis of their settlement regardless of the final out-turn weights or the grade placed upon the car by the Government inspector. If the owner has not sufficient wheat stored to grade to make up a carload, he may turn his graded storage tickets over to the elevator company and obtain the initial payment by cash ticket and grower's receipt as for "street" wheat.

3. **Special binned wheat.** Wheat may be "special binned". The elevator company supplies the owner of the wheat with a bin for his sole use, and agrees to preserve the identity of the grower's wheat as it is hauled into the elevator. For wheat stored in this way a special bin ticket is issued. The elevator company guarantees to deliver the weights as shown on the tickets. As each load is delivered, a sample which is satisfactory to both parties must be drawn from the load and placed in a tin receptacle which is provided by the elevator company, and when hauling is completed the grain in the container should be a representative sample of the wheat in the bin. To prevent disputes arising as to whether the elevator preserved the identity of the grain, the owner should provide a padlock for the sample box and retain the key himself.

Special binned wheat is subsequently shipped out in a car at the request of the owner and on reaching the inspection point is graded by the Dominion Government inspector. When the car finally reaches the terminal and the warehouse receipt is obtained by the elevator company, the initial payment is made on the basis of the weights shown by the special bin tickets and the grade placed on the grain by the government inspector.

Procedure for Re-inspection

Should the owner of the grain be dissatisfied with the grade given by the government inspector, he may request that re-inspection be made, and if the results of the re-inspection are not as expected, he may make appeal against the inspector's grading to the Appeal Board upon payment of a fee of \$3.00. The decision of the Appeal Board is final, and should the inspector's grade be changed by the Appeal Board, the fee of \$3.00 is refunded to the owner.

No appeal can be made respecting the condition of the grain. If wheat is graded "tough" or "damp" on first inspection, it is graded the same after the moisture content has been determined by actual machine test. However, a request may be made to have the car re-sampled and re-tested for moisture when it is unloaded.

Provision is made in the Canada Grain Act that in case, after the shipment has been inspected, the owner is of the opinion that the identity of the grain has not been preserved, he shall within fifteen days notify the elevator operator of the fact and both parties thereupon shall forward the sample sealed, charge prepaid, to the chief inspector to be compared with the shipment. The decision given by the chief inspector in such cases shall be final and binding on both parties.

4. **Subject to inspector's grade and dockage.** Upon mutual agreement, or in cases where there is disagreement between the owner of the grain and the elevator operator in regard to the grade or dockage, wheat may be delivered to the elevator subject to inspector's grade and dockage. In this

case a sample is drawn from the load, which shall be satisfactory to both the owner and the elevator operator, and is forwarded to the chief inspector for his decision as to the proper grade and dockage. Usually a special bin ticket is issued for such loads and when the inspector's decision is known, a cash ticket or graded storage ticket will be issued. The Canada Grain Act, however, has the following clause respecting the handling of grain by this method.

"Where the disagreement as to grade and dockage arises on the sale of the grain by a farmer to such country elevator, the farmer shall be paid on the basis of grade and dockage offered him by the elevator, but the final settlement shall be made on the basis of grade and dockage given by the chief inspector."

Dominion Government Grades Grain

All grain in carload lots when shipped to terminal elevators is graded by grain inspectors employed by the Dominion Government. These men are required to pass certain examinations and must prove their capability by experience in the government inspection department. The Appeal Board may over-rule a government inspector, but outside of the board no other individual or corporation has anything whatever to say about the grading of grain. Growers, or the party in charge of shipping their grain, however, are privileged to check the inspector's grading and to call for a re-inspection or appeal as they see fit.

Some companies have their cheques payable at par, in which case exchange at the rate of 1-8 of one per cent is also deducted from the initial payment. This is done for the protection of the grower against overcharge, as the elevator companies have definite arrangements with banks regarding the rate of exchange on their cheques. Some companies let the grower pay his own exchange on cheques, in which case there is no charge for exchange made on the account/sales of the initial payment.

May Ship Grain Over Platform

Some members, for convenience or by preference, may wish to ship over loading platforms. In this case growers obtain the bill of lading from the railway agent or, where there is no agent, from the conductor of the way freight. This bill should be sent in to the office of Alberta Pool Elevators Limited, Calgary, with information regarding the grade expected for the car, the amount of wheat loaded into the car, and what advance, if any, is required. The Pool will handle this car in the same way as an elevator company handles a car of special bin wheat. These cars are subject to the same charges as special binned wheat with the exception only of elevator handling charges. Inspection will be checked by a Pool representative, and initial payment will be made to the grower when the car is unloaded and government weights are secured. The Pool maintains representative at all terminal and inspection points to see that all cars for which it holds bills of lading are given proper attention.

How to Arrive at Initial Payment

The initial payment which the Pool pays to the elevator companies for carload lots of street wheat delivered at terminals is the same as for carload lots of special binned wheat. They are paid only the initial payment for the grade of wheat which is delivered at the terminal elevator.

To arrive at the initial payment for street wheat at Pool elevator points, the amount of the Vancouver or Fort William freight, (whichever is lower) plus any fraction less than $\frac{1}{2}$ of one cent, is deducted, and also 4c per bushel on Nos. 1, 2 and 3 Northern and 5c per bushel on other grades to cover the cost of handling, insuring and financing the initial payment until such time as the wheat arrives at the terminal.

Up to the present year the Pool had a contract with most of the elevator companies in the province which stated that the companies were to handle Pool street wheat on the basis of 5 cents for Nos. 1, 2 and 3 Northern and 6 cents per bushel for lower grades. However, following the voluntary reduction of these charges to 4 cents for Nos. 1, 2 and 3 Northern and 5 cents for lower grades by the United Grain Growers Ltd. in 1925, most of the grain companies handled street wheat on the same basis as U.G.G. elevators. The United Grain Growers Limited signed a three year contract with the

Pool in 1927 agreeing to handle Pool street wheat on the basis of 4 and 5 cents. The other companies signed a contract to handle Pool street wheat on the basis of 5 and 6 cents.

When a member delivers his grain he receives a grower's receipt and a delivery checking coupon. The delivery checking coupon must be signed and forwarded to the Pool office before the interim and final payments can be made.

Pool Payment System Approved

Pool members are not the only ones who recognize the benefits of the change from the old to the new system of payments. Bankers, business men, statesmen and other impartial observers are generally agreed that the innovation is a vast improvement over the old plan. Sir John Aird, President and General Manager of the Canadian Bank of Commerce, told the bank shareholders, in 1926, that "the proceeds of the sale of the farmer's grain are distributed to him by installments and the partial distribution made in the spring provides him with funds for seeding operations. The change makes for more orderly financing on the farmer's part and is in this respect beneficial. Any loss which the banks thus experience will undoubtedly be more than made up to them in the long run by the increasing prosperity of their customers."

Good Results Follow Change

The great change in financing the business of Western Canada brought about by the Pool is shown by the manner in which farmers are adjusting their obligations and operations as a result of the improved method of financing their business. The distribution of the major portion of the annual income of Western Canada (the money received for the grain crop) in a more uniform manner, in place of giving it to the farmers in a lump sum, has unquestionably made the farmers wiser spenders. Farmers are no exception to the general rule that most people spend freely when they have plenty, regardless of the needs of the immediate future. If salaried men received their wages annually instead of semi-monthly they would be extravagant for a month of two, and hard up for the balance of the year.

In the pre-Pool days the farmers received the major portion of their income at one time and, of course, they did not get as good value for their expenditures as is now possible. Some may argue that farmers are economical and it matters not when they get their returns as they will spend them just as wisely if paid once instead of four times a year. The argument is fallacious as farmers, like every other class of people, adjust their immediate purchases to their immediate income.

Alberta Pool Officials



JOSEPH BENNETT
*Superintendent of Alberta
Pool's Pacific Terminals.*



W. H. BOYLE
*In charge of Alberta Pool's
Edmonton Office*

VI. WHEAT POOL ECONOMY

The employment of the co-operative plan of marketing is a perfectly natural outgrowth arising from the inherent nature of the business of agriculture. Unlike the industrial investor, the farmer is not interested in a return on the basis of capital invested in the organization. He is interested in the service rendered and the returns obtained on the basis of the business he contributes to the association, hence he employs the co-operative rather than the joint-stock form of organization. The isolated farmer is in no position to get fair treatment when trading with highly organized groups. In order to overcome the serious lack of bargaining power of the individual farmer, the progressive producers are forming large central organizations. In the face of more and more concentration of business and financial control, the farmers must organize to protect their interests.

Co-Operation is Economically Sound

Pool opponents often say that co-operation violates economic principles and is contrary to sound business practice. Nothing could be farther from the truth. There is no conflict between business and co-operation. In fact, co-operation is simply the only suitable method of developing in agriculture large scale business organizations. It is the only feasible plan which makes possible the use of sound business practices in selling and distributing the products of innumerable small producing units. It is nonsense to speak of co-operation being contrary to economic principles. What could be better economy than having one man do what many did before, or have one modern plant handle what a number of old plants handled, or one efficient staff do what many small staffs did? Agricultural co-operation is not opposed to good business in any sense of the word—it is an attempt on the part of agricultural producers to copy big business methods and secure the economic gains of large scale production and organization.

Prices Determined by Supply and Demand

It is true that prices are determined to a large extent by a group of forces which make up demand and a group of forces which make up supply. No good co-operator will deny the validity of this statement. However, many co-operatives have something to do with determining some of these forces. The old notion that the price is determined under free competition by a large number of individual offers and sales needs to be modified to be true of the price of many agricultural commodities. For instance, there is no such thing as the individual determination of the price of whole milk under free competition in most cities today. The price is determined by bargaining between the producers on the one hand and the distributors on the other. Where the milk producers are not organized they compete with one another, the inevitable result of which is lower prices. Even in the case of such a staple article as wheat the sentiment and psychology of the traders play a considerable part in determining the price. The best studies of wheat prices made so far show that a very large part of the variations in price cannot be explained by variations in supply. Prices are determined by many factors, and a large co-operative has a measure of control over some of them where the individual is helpless.

The Experience of the Tobacco Pools

The experience of some co-operatives which have been in a position to exert a great influence on the price of their commodity should be a good lesson to those who think the goal of co-operative marketing should be monopoly prices. The tobacco pools of the United States, when first organized, controlled a large percentage of the supply. By holding a large part of the crop off the market they forced the buyers (there are only four principal buyers of tobacco in the United States) to pay high prices. What were the results? Tobacco growing became more profitable than growing other crops. The production of tobacco was extended into areas not very well suited for its cultivation. The non-Pool farmers got all the advantages of the higher prices and paid none of the expenses borne by the Pool to maintain them. The Pools had to keep ever-increasing amounts off the market to maintain prices. Few co-operatives can get monopoly prices, and those who try usually defeat their own ends in the attempt.

A co-operative association is primarily a selling organization. Unlike a manufacturing establishment, which produces as well as sells its product, the co-operative cannot control its production to any appreciable extent. It may control a large percentage of the present supply and get monopoly prices for a short time, but it cannot get such prices for long as it does not control production. The Canadian Pools make no attempt to secure monopoly prices. Their goal is a fair and reasonable price for Pool wheat—a just price in the light of all factors, which determine supply and all the factors which determine demand in any one year.

Questions To Be Answered By Opponents

How would the opponents of co-operation (now happily limited to those who have been getting what co-operation is now giving to the farmers), who contend that agricultural co-operation is economically unsound, answer the following questions?

1. Why is agricultural co-operation taught in every up-to-date agricultural institution in America?
2. Why do the departments of economics (manned by trained economists) in most universities encourage and assist agricultural co-operative societies?
3. Why has the United States Department of Agricultural Economics fostered and assisted co-operative enterprises for years?
4. Why has the United States recently established a department of co-operation with an annual appropriation of \$250,000?
5. Why are county agents, university extension departments and departments of rural sociology actively engaged in co-operative organization?
6. Why do business men, bankers, noted financiers, chambers of commerce (those where the influence of private grain traders is not predominant) and numerous other disinterested parties endorse co-operative marketing?

The answer to the above questions is of course that the encouragement of agricultural organization and co-operation is in the interests of the national welfare.

The Cost of Pool Operations

In the foregoing article the economic possibilities in the co-operative form of marketing are pointed out. In this article we substantiate our previous remarks by giving the exact costs of operating the Alberta Wheat Pool since its inception.

The total expense of operating the Alberta Pool during the crop year of 1923-24 was 0.484 of a cent per bushel. The total cost of operating the Pool during the crop year of 1924-25 was an amount equal to 0.405 of a cent per bushel handled. The total expense of the Pool for the crop year of 1925-26 was 0.634 of a cent per bushel. The total expense of the Pool for the crop year of 1926-27 was 0.45 of a cent per bushel. In other words the Alberta Pool has paid all its expenses during each of the past four crop years with a sum equal to approximately one half cent per bushel.

For the information of our members we give herewith the detailed expenses of the Pool for the years 1923 to 1926 inclusive.

OPERATING COSTS OF ALBERTA WHEAT POOL IN 1923-24

Extract from audit of Pool books made by
John Scott & Co., Chartered Accountants

| Operating Expenses | Calgary | Winnipeg |
|-----------------------------------|--------------------|---------------------|
| Salaries..... | \$41,459.04 | \$28,008.50 |
| Stationery and Supplies..... | 5,727.08 | 2,379.80 |
| Telegrams and Telephone..... | 5,356.00 | 6,752.79 |
| Postage..... | 2,113.01 | 2,581.77 |
| Stamp Tax..... | 2,128.83 | |
| Rent..... | 2,717.50 | 1,840.23 |
| Taxes..... | 364.43 | |
| Travelling Expenses..... | 1,780.30 | |
| Legal Fees..... | 5,149.22 | |
| Auditors' Fees..... | 2,500.00 | |
| Depreciation, Furniture, etc..... | 911.11 | 378.55 |
| Miscellaneous..... | 879.84 | 3,603.90 |
| | \$71,086.36 | \$45,545.54 |
| | | \$116,631.90 |

Pooling Alberta's Wheat

| | |
|-------------------------------------------------|-----------------------|
| Executive Expenses | |
| Directors' Fees and Expenses..... | 12,568.22 |
| Annual Meeting..... | 2,580.90 |
| Membership Lists, Printing and Circulars..... | 3,279.40 |
| Total Executive Expenses..... | \$ 18,428.52 |
| Interim Payment Expenses | |
| Salaries..... | \$ 6,531.47 |
| Stationery & Supplies..... | 375.31 |
| Postage..... | 1,050.00 |
| Stamp Tax..... | 1,674.06 |
| Miscellaneous..... | 91.47 |
| Total..... | \$ 9,722.31 |
| Final Payment Expenses | |
| Salaries..... | \$ 6,360.00 |
| Stationery & Supplies..... | 355.61 |
| Exchange..... | 7,240.52 |
| Postage..... | 720.00 |
| Stamp Tax..... | 2,180.70 |
| Miscellaneous..... | 25.75 |
| Total..... | \$ 16,882.58 |
| Foreign Offices—Bordeaux Expenses (office)..... | 4,115.18 |
| Total Operating and Other Expenses..... | \$165,780.49 |
| | or 0.484c per bushel. |

**OPERATING AND ADMINISTRATIVE EXPENSES YEAR ENDING
31st AUGUST, 1925**

| | |
|---------------------------------------------------------|-----------------------|
| Operating | |
| Salaries..... | \$75,736.55 |
| Stationery and Supplies..... | 9,129.11 |
| Telegrams and Telephones..... | 1,355.27 |
| Postage..... | 4,725.30 |
| Legal Fees..... | 105.94 |
| Travelling..... | 751.05 |
| Miscellaneous..... | 2,521.70 |
| Rent..... | 7,004.40 |
| Taxes and Licenses..... | 553.25 |
| Insurance & Depreciation of Furn. & Equipment..... | 2,627.41 |
| Total Operating Expenses..... | \$104,509.98 |
| Administrative | |
| Directors' Fees and Expenses..... | \$15,086.75 |
| Secretary's Office..... | 8,088.02 |
| Membership Lists..... | 3,386.61 |
| Special Circulars..... | 1,239.08 |
| Donations..... | 25.00 |
| Legal Fees..... | 2,707.44 |
| Miscellaneous..... | 4,331.94 |
| Audit Fees..... | 4,000.00 |
| Annual Meeting..... | 2,530.39 |
| Total Administrative Expenses..... | \$ 41,395.23 |
| Total Operating and Administrative Expenses..... | \$145,905.21 |
| | or 0.634c per bushel. |
| Less Sundry Revenue | |
| Service charges, interest, etc..... | \$52,551.97 |
| Vancouver Premiums minus freight adjustment..... | 45,405.24 |
| | 97,957.21 |
| Add | \$ 47,948.00 |
| Exchange and stamp tax on payments to growers..... | 26,105.08 |

\$ 74,053.08

Covered by net deduction from grower of .0034c

OPERATING AND ADMINISTRATION EXPENSES FOR THE YEAR ENDED 31st AUGUST, 1926

Extracts from audit of Pool books made by Harvey & Morrison,
Chartered Accountants

GENERAL OFFICE EXPENSES

| | |
|----------------------------------------------------------|---------------------|
| Operating | |
| Salaries..... | \$112,717.09 |
| Printing and Stationery..... | 9,548.55 |
| Telegrams and Telephones..... | 3,334.13 |
| Postage..... | 6,726.56 |
| Travelling..... | 703.30 |
| Miscellaneous..... | 2,533.04 |
| Audit Fees..... | 5,250.00 |
| Legal Fees..... | 1,703.09 |
| Repairs and Alterations..... | 1,244.07 |
| | <u>\$143,759.83</u> |
| Fixed | |
| Rent..... | \$ 8,980.00 |
| Taxes and Licenses..... | 921.05 |
| Ins., Rent and Depreciation of Office and Equipment..... | 3,836.21 |
| | <u>\$ 13,737.26</u> |

GENERAL ADMINISTRATIVE EXPENSES

| | |
|---------------------------------------------------------|-----------------------|
| Directors' Fees and Expenses..... | \$ 15,705.70 |
| Annual Meeting..... | 3,784.19 |
| Membership Lists..... | 3,895.43 |
| Advertising and Publicity..... | 950.92 |
| Special Circulars..... | 1,199.41 |
| Miscellaneous..... | 2,806.99 |
| Staff Insurance..... | 759.48 |
| Special Delegates' Meeting..... | 1,899.37 |
| Wheat Pool Locals Expense Account..... | 243.69 |
| | <u>\$ 31,245.18</u> |
| Total Administrative Expenses..... | \$ 31,245.18 |
| Total Operating and Administrative Expenses..... | \$188,742.27 |
| | or 0.418c per bushel. |
| Less sundry revenue | |
| Service charges, interest, etc..... | \$ 27,213.69 |
| Proportion terminal earnings..... | 33,950.63 |
| | <u>\$ 61,164.32</u> |
| | \$127,577.95 |
| Add | |
| Exchange and stamp tax on payments to growers..... | 33,854.50 |
| | <u>\$161,432.45</u> |
| Covered by deduction from growers of 0.355c per bushel. | |

OPERATION AND ADMINISTRATION EXPENSES FOR THE YEAR
ENDED 31st AUGUST, 1927

Extracts from Audit of Pool books made by Harvey & Morrison,
Chartered Accountants

GENERAL OFFICE EXPENSES

Operating—

| | |
|--------------------------------------|---------------------|
| Salaries..... | \$114,758.93 |
| Printing and Stationery..... | 11,483.40 |
| Telegrams and Telephones..... | 3,493.37 |
| Postage..... | 6,361.47 |
| Travelling..... | 1,551.37 |
| Miscellaneous..... | 2,908.83 |
| Audit Fees..... | 4,900.00 |
| Legal Fees..... | 989.42 |
| Repairs and Alterations..... | 1,063.77 |
| Rent of Furniture and Equipment..... | 75.00 |
| | <u>\$147,185.59</u> |

Fixed—

| | |
|-----------------------------------------------------------|------------------|
| Rent..... | \$ 10,610.00 |
| Taxes and Licenses..... | 891.85 |
| Insurance & Depreciation of Office Furn. & Equipment..... | 5,394.14 |
| | <u>16,895.99</u> |

General Administrative Expenses—

| | |
|----------------------------------------|------------------|
| Directors' Fees & Expenses..... | \$ 11,392.40 |
| Annual Meeting..... | 76.00 |
| Membership Lists..... | 2,819.38 |
| Ballots for Delegates..... | 977.34 |
| Special Circulars..... | 2,691.83 |
| Miscellaneous..... | 790.58 |
| Staff Insurance..... | 871.21 |
| Special Delegates Meeting..... | 369.72 |
| Wheat Pool Locals Expense Account..... | 177.91 |
| | <u>20,166.37</u> |

Educational—

| | |
|-----------------------------|------------------|
| Salaries..... | \$ 6,060.21 |
| Printing & Stationery..... | 346.04 |
| Telegrams & Telephones..... | 178.03 |
| Postage..... | 215.99 |
| Travelling..... | 310.84 |
| Miscellaneous..... | 83.85 |
| Subscriptions..... | 420.31 |
| Newspaper..... | 14,443.23 |
| Advertising..... | 1,447.62 |
| Printing Plates..... | 524.46 |
| Radio Broadcast..... | 1,108.38 |
| Circulars & Pamphlets..... | 1,101.33 |
| | <u>26,240.29</u> |

Less—Proportion charged against Second Series Contract 10,000.00 16,240.29

Field Service—

| | |
|--------------------|-----------------|
| Salaries..... | \$ 1,555.00 |
| Travelling..... | 716.25 |
| Miscellaneous..... | 60.10 |
| | <u>2,331.35</u> |

Total Expenses \$202,819.56

or 9-20 of a cent per bushel handled.

ORGANIZATION FUND AND EXPENSES

31st AUGUST, 1927

| | Dr. | Cr. |
|---------------------------------------------------------------------|--------------------|--------------------|
| First Series Organization Fund— | | |
| By Balance as at 31st August, 1926..... | | \$14,206.48 |
| By New Contracts less Reinstatements..... | | 9,040.00 |
| By Transferred from Reserve for Reinstatements (483 contracts)..... | | 966.00 |
| To Printing and Stationery..... | \$ 151.54 | |
| To Travelling..... | 64.70 | |
| To Directors' Fees and Expenses..... | 4,048.55 | |
| To Commissions..... | 4,144.85 | |
| To Canvassers..... | .76 | |
| To Country Meetings..... | 1,585.13 | |
| | \$ 9,995.53 | \$24,212.48 |
| Balance in Fund..... | \$14,216.95 | |
| | <u>\$24,212.48</u> | <u>\$24,212.48</u> |

Second Series Organization Expenses—

| | | |
|----------------------------------------------------|-------------|--------------------|
| Salaries..... | \$ 2,439.00 | |
| Printing and Stationery..... | 4,461.41 | |
| Telegrams and Telephones..... | 198.06 | |
| Postage..... | 3,104.99 | |
| Miscellaneous..... | 18.30 | |
| Director's Fees and Expenses..... | 3,517.75 | |
| Commissions..... | 7,296.96 | |
| Canvassers..... | 4,170.08 | |
| Country Meetings..... | 1,411.19 | |
| Special Delegates' Meeting and Rally..... | 3,936.15 | |
| Advertising..... | 3,667.38 | |
| Proportion Educational Department Expenses..... | 10,000.00 | |
| | | \$44,221.27 |
| Less—Cash Received on New Contracts..... | \$ 130.50 | |
| Less—Cash Received on Coarse Grains Contracts..... | 70.50 | |
| | | 201.00 |
| | | <u>\$44,020.27</u> |

ELEVATOR AND COMMERCIAL RESERVES

Commercial Reserve

Section "d" of clause 6 of the contract states that the Pool "may deduct from the gross returns from the sale of wheat delivered to it by the growers the amount necessary to cover all brokerage, advertising, taxes, tolls, freights, elevator charges, legal expenses and all other proper charges such as salaries, fixed charges and general expenses of the Association and, in addition, the association may deduct such percentage, not exceeding one per cent of the gross selling price of the wheat as it shall deem desirable, as a commercial reserve to be used for any of the purposes or activities of the Association."

In the Pool year 1923-24, .61c per bushel or \$209,953.91 was deducted as a commercial reserve. In 1924-25, .66c per bushel or \$148,514.18 was deducted as a commercial reserve. In 1925-26 .145c per bushel or \$65,457.66 was deducted for the same purpose. The deduction for the commercial reserve in 1926-27 was 1.153c per bushel or \$510,854.84. The total commercial reserve to date is \$934,780.59.

Elevator Reserve

Clause 6f of the contract permits the Association to deduct a sum not exceeding 2c per bushel from the proceeds of each grower's wheat to be used as an elevator reserve fund for the purpose of acquiring elevator facilities for the handling of Pool wheat.

No deduction was made from the proceeds of the 1923 crop for the elevator reserve fund. In 1924-25 2c per bushel was deducted from the pro-

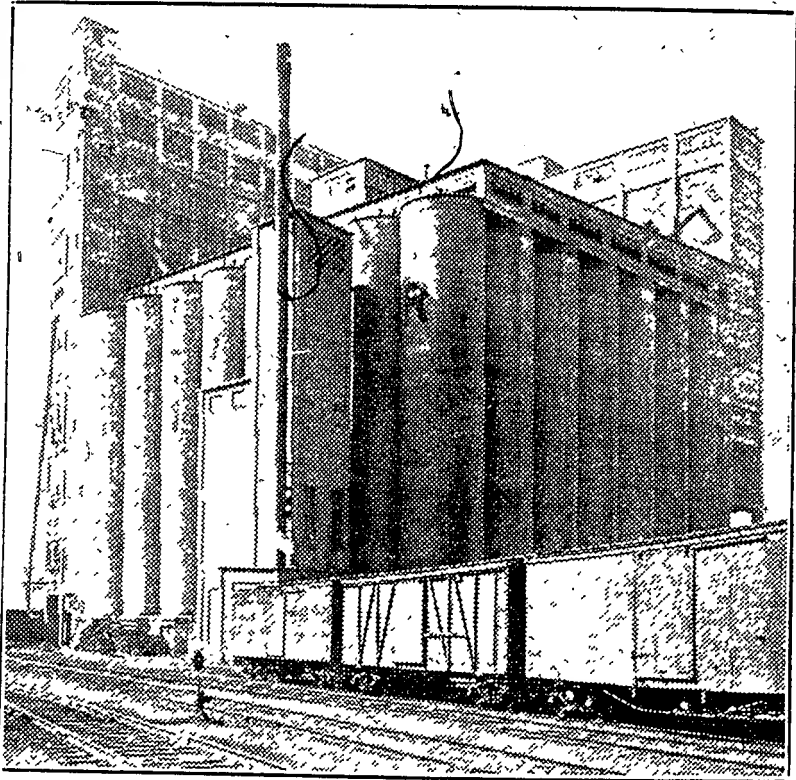
ceeds of each member's grain which represented \$442,190.94. In 1925-26 2c per bushel was deducted from the proceeds of each member's grain which represented \$903,193.07. In 1926-27 2c per bushel was deducted from the proceeds of each member's grain which equalled \$885,747.64. The total deductions for the elevator reserve to date equal \$2,231,131.65.

Repayment of Reserves

The deductions from the proceeds from each member's grain are in no sense an appropriation. Both the elevator and commercial reserves belong to the individual members. Each member is credited on the Pool books with the exact amount deducted for the commercial and elevator reserve funds from the proceeds of his grain and receives a statement each year indicating the exact amount to his credit. Each member receives 6 per cent interest per annum on the amount of his credit in the elevator reserve fund.

The manner of disposing of the commercial and elevator reserves rests with the board of directors. No definite plan for paying back the reserves has yet been decided upon. It is likely, however, that a revolving fund will be created which will enable early contributions to be paid back with money received from recent contributions. For instance, the deduction in 1924 may be paid back from money received from the 1929 crop. In any event the decision reached will be in the best interests of all members of the association and the plan adopted will entail no discrimination. All those who have contributed to the reserve funds will retain their equity whether they sign the second series contract or not.

ALBERTA POOL TERMINAL AT VANCOUVER



This terminal has a capacity of 1,650,000 bushels and was operated by the Alberta Pool for the first time in the fall of 1927.

VII. THE POOL CONTRACT

The Association

1. The Association agrees to act on behalf of the member in all capacities necessary for the co-operative marketing of the member's wheat.—Clause 3.

2. The Association is obliged to receive and handle all wheat delivered to it by the member, according to the terms of the contract and to market such wheat under what is commonly known as the "Pooling" system.—Clause 5.

3. From the proceeds of the wheat sold, the Association may deduct such sums as are necessary for the general operation of the Pool, such as salaries, fixed charges, general expenses, brokerage and advertising, taxes, tolls, freights, elevator charges, legal expenses, etc.—Clause 6 (d).

A further sum not exceeding one per cent of the gross selling price of the wheat may be deducted and applied to a Commercial Reserve fund to be used for any of the proper purposes of the Association.—Clause 6 (d).

A further sum not exceeding two cents per bushel may be deducted from the proceeds of each grower's wheat to be applied to an elevator reserve fund, for the purpose of acquiring elevator facilities for the handling of pool wheat.—Clause 6 (f).

The total net balance accruing from the wheat delivered by any member may be paid out to the member from time to time as the directors of the Association see fit.—Clause 12.

4. The Association may borrow money for the general operations of the Pool and may pledge the wheat delivered to it by its members, or paper evidencing title to such wheat, as collateral security for such loans.—Clause 6 (c).

5. In the event of a member failing to abide by his agreement with the Association, the latter has the power to enter into possession of the member's wheat lands and to possess the member's wheat and deliver same through the proper Pool channels, and any expenses, legal or otherwise, involved in such proceedings may be charged against the proceeds accruing to the member from such wheat.—Clause 6 (g).

6. The Association may join with any other agency for the co-operative marketing of the member's wheat, and may establish selling, statistical or other agencies, whenever and wherever it considers them to be proper and necessary.—Clause 26.

NOTE. All reference to numbers of clauses apply to first series wheat contract. The second series contract contains exactly the same clauses under different numbers.

The Member

1. The member must market through the Pool all his wheat, excepting what is used for seed and feed, during the term of the contract. It is immaterial whether or not such wheat is grown on land mentioned in the schedule to his contract with the Association.—Clauses 4 and 9.

2. The member may, upon application to the Pool's head office, receive permission to sell feed or seed wheat.—Clause 8.

3. If the member does sell wheat on the open market contrary to his agreement with the Pool he shall pay to the Association twenty-five cents per bushel as liquidated damages on the full amount disposed of improperly.—Clause 21.

4. The member must ship his wheat in accordance with instructions issued by the Association or one of its associate companies.—Clause 15.

5. During the term of contract, the member's agents shall be bound, with reference to wheat belonging to the member.—Clause 19.

6. The member appoints the Association, through its officers, to act on his behalf in any capacity necessary for marketing his wheat according to the Association's methods.—Clause 7.

Why the Pool Uses Contract

Those who would have us believe that the marketing contract is a very recent invention of "red" farmers with "Bolsheviki" tendencies are sadly misinformed. The use of a written marketing contract of the type we now use was developed in California in the early nineties. Independent packing, sugar beet and canning establishments used a similar contract forty years

ago. In order to insure a sufficient volume of business and protect their investments in capital equipment, these companies required the farmers to sign a contract. The contracts also contained a clause providing for liquidated damages in case of non-delivery. When the farmers set up their own canning and packing houses, and other similar enterprises they simply copied the independent companies and used a contract which provided for full delivery and liquidated damages. The notion which some hold that our contract is copied from the ones used by co-operative bacon plants in Denmark (the principal purpose of which is to provide a method of financing) is erroneous. Our contract is a purely American device.

The rapid development of large scale co-operative organizations in the past decade has necessitated the use of marketing contracts on a very large scale. Many large co-operative associations such as tobacco, potato, fruit and cereal pools are now using a marketing contract. All these associations find the contract of great value. In the case of a commodity like tobacco, where a large carry over from one crop year to another is quite normal, a marketing contract is indispensable.

Contracts are used very extensively in Denmark, the country which has lead the way in nearly all branches of the co-operative marketing movement. The co-operative associations in Denmark make use of contracts binding the members to deliver their total production of a particular commodity, except what is needed for home use, for a definite period. This applies to both the local and central co-operative associations. In the case of the purchasing associations, of which there are many in Denmark, the members contract to buy their necessary supplies from their association for a definite period, usually five or ten years.

The length of the contract period in Denmark varies with the nature of the commodity handled and also with different associations. It ranges from one to twenty years. The contract delivery period with the co-operative creameries is five to twenty years, but usually ten years; with cattle exporting associations three years; with co-operative butter exporting associations one year, contracts being automatically renewed if notice of withdrawal is not received six months in advance of the time the contract expires.

The use of the five year contract has become very common throughout North America since the War. Practically all the cotton, tobacco, wheat, potato and other marketing associations in the United States use a five year contract. During the past year, however, some associations, notably a few of the cotton and tobacco co-operatives, have made appreciable changes in their contracts. In the southern states there are many very poor tenant farmers who are unable to meet all their obligations in the autumn with the initial payment they receive from the Pool. They have, therefore, either declined to join the Pool or failed to deliver their cotton after they did join. After trying out the rigid five year contract for several years, one or two of the Pools have decided to insert a clause permitting members to deliver to the Pool and receive full payment at the time of delivery. The crop of those who receive full payment is, of course, sold immediately in order to avoid the risk of falling markets. The changes virtually amount to forming monthly and seasonal Pools, which operate along with the regular yearly pool.

Alberta Wheat Pool members will be interested to know that three of the United States Wheat Pools attempted this plan and gave it up as a failure. The Washington Wheat Pool had a particularly unfortunate experience as a result of changing its contract to meet the wishes of those who consider the initial payment too low.

Chief Value of the Contract

The principal reason for using a contract is to make sure of a sufficient volume of business over a period of years to operate a co-operative association efficiently and economically. A co-operative association based on contracts knows approximately the volume of business it will have and thus has a definite basis for its merchandising policy. This is particularly the case of our Wheat Pools which market their members' grain as the demand arises and thus avoid depressing prices by offering more than the consumers stand ready to take at fair prices.

The importance of this feature has been well illustrated a number of times by the experience of some of the United States Wheat Pools. Some of these organizations sold a large proportion of their annual receipts in the fall of the year when prices were relatively low, as they fully anticipated

much heavier deliveries than they received. This led to considerable dissatisfaction, which would have been overcome had they known the probable volume of business for the year. The Canadian Pools are very fortunate in being able to estimate very closely the deliveries to the Pool for the year, which, of course, enables them to formulate their merchandising policy well in advance of actual sales.

Knowing the approximate amount of business for the year is a great advantage, in addition to its bearing on the method of selling the commodity, as it gives a co-operative association a definite basis which enables it to make favorable arrangements for financing. Had the Canadian Pools not known in advance the approximate volume of business they would have been unable to make arrangements with the banks to borrow money at a low rate of interest.

Contract Brings Stability and Overcomes Opposition

Members have a great deal more confidence in an organization which has contracts, as they know it will be much more permanent than an association depending entirely upon voluntary patronage from year to year. Members can deliver their products from year to year and feel quite safe in doing so, as they know the large volume of business, which the contract virtually guarantees, will insure the economical handling of their products.

One of the most valuable features of the contract, and one frequently overlooked, is the effectiveness with which it may overcome the opposition of private traders to co-operative associations. Anyone who knows anything about the history of co-operation in any country knows that the most common means employed by opposing interests to defeat the attempts of the co-operatives has been to induce the members to patronize private enterprises by offering prices above true competitive values. The Danish co-operative societies were among the first to effectively overcome opposition by requiring their members to contract to deliver their product to their association for several years regardless of the prices or other inducements offered by the opposition. To bring the matter nearer home, the power of the private grain trade to undermine the confidence of Wheat Pool members and thus break down their organization by offering inducements such as grades and prices above the true grades and true competitive prices, is greatly reduced by the use of the Pool contract.

The contract also protects the loyal members against the losses incurred by other members taking advantage of the Pool's services and then selling outside the Pool if speculation happens to send prices above their normal level. For instance, had it not been for the use of contracts, members who did not deliver their grain until late this year might have sold their grain in the open market when, due to a variety of reasons, the price was considerably higher than during the past several months.

Contract is Enforceable

The Pool contract is a legally enforceable document and the stipulated damages are without a doubt collectable. However, members should never feel that they should live up to their agreement simply because it is a legal instrument. They should live up to their contract because of their conviction that the permanent and continued success of their organization is dependent upon the continued loyal support of all members. They should view the contract as a business agreement between the individual member and his fellow members; an agreement stating the responsibilities and duties of the individual to the group and the group to the individual. The marketing contract is an agreement stating the mutual understanding of the two contracting parties.

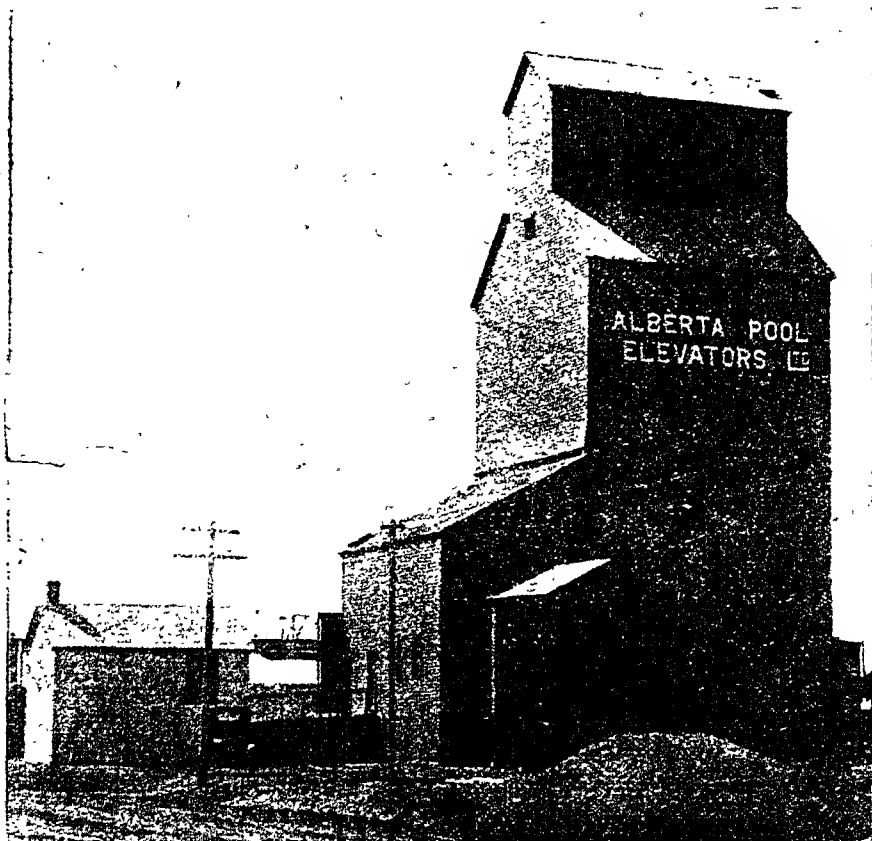
Any member who violates his contract is not only liable for the damages stipulated in the contract, but he is grossly unfair to his fellow members as he lowers the prestige and influence of the Pool, impairs its efficiency, and reaps its benefits without contributing his small share to its operating expenses.

Owing to the great difficulty involved in determining, even approximately, the damages suffered by the association due to a breach of contract, each contract signer agrees to pay the Pool twenty-five cents per bushel as liquidated damages for each bushel of grain he markets outside his own organization.

Like the marketing contract, the liquidated damages clause is much older than most people recognise. The identical principle was used in the middle

of the nineteenth century in the early days of the farmers' elevator movement in the United States. These local farmers' co-operative elevators were organized to combat the buying monopoly established at country points by line elevator companies, millers and transportation companies. Their chief aim was to enable the farmer to escape from the clutches of the local buyer and sell his product on the central market where competition was relatively free. As soon as the growth of co-operative elevators began to threaten the large profits of private companies, they offered prices higher than the true market value of the grain in order to cause dissatisfaction among the co-operatives' members. For a time the tactics of the private companies severely crippled the efficiency of the co-operative elevators. Many members were too short-sighted to see the necessity of supporting their organization, even at a temporary sacrifice, and sold their grain to outsiders at prices above its real worth. However, a remedy was soon found. Those members who sold their grain outside of their own organization were obliged to pay a maintenance, penalty, or service charge. Many co-operative elevators advised their members to sell to outsiders if they could get prices above prevailing market values and pay the service charge to maintain their own elevator. Thus the farmers' elevators weathered the storm and realized their two principal objectives—to act as service depots and maintain an open market. By their penalty charges the cost of this service was distributed pro rata over the entire membership.

ALBERTA POOL LINE ELEVATOR



The Alberta Pool has now 160 line elevators in operation in Alberta, with a combined capacity of 6,400,000 bushels.

VIII. THE SELLING OF POOL GRAIN

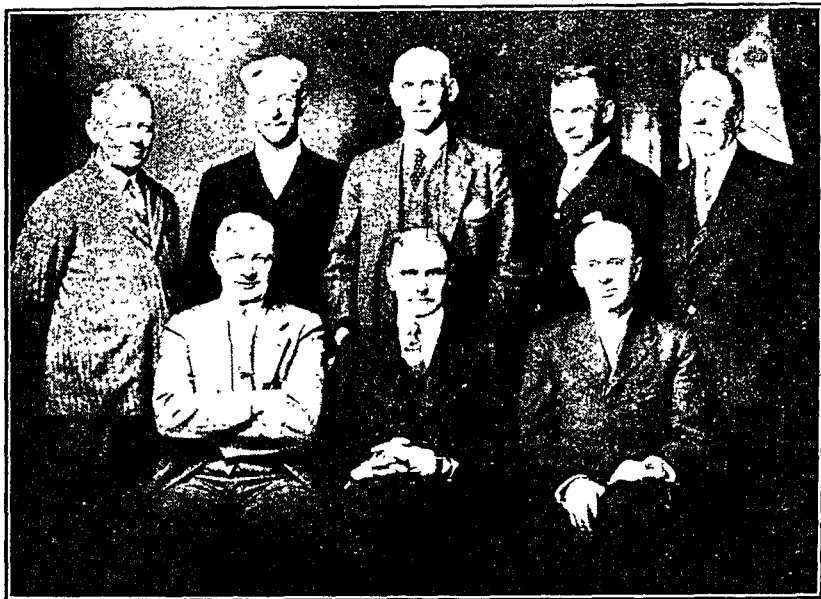
The Origin of Central

The Canadian Co-operative Wheat Producers Limited, commonly known as the Central Selling Agency, was born in Regina on July 28-29, 1924. Shortly after Saskatchewan and Manitoba reached their objective of bringing a large proportion of the wheat acreage in each province under the Pool contract, permanent boards were elected, representatives of which met members of the Alberta Pool board in Regina and decided to apply for a Dominion charter to establish an agency to sell all the grain under contract to the three Pools. By the beginning of September, 1924, the Selling Agency was organized and ready for business.

Pool members in each province are directly represented on the board of Central Selling Agency as the governing body of Central consists of nine directors, three of which are elected by and from and are responsible to each of the provincial boards. The Central board meets once each month just prior to the provincial monthly board meetings. The operations of Central are carried back to the individual members as the representatives of each province on the Central Board render a report to their respective boards each month.

In order to carry on the enormous task of directing and supervising the vast amount of business conducted by Central each month, the Central Board is divided into several committees. Each committee is responsible for certain tasks and must give an account of its stewardship to the entire board for approval. The principal committee is the executive which consists of the three presidents of the provincial pools, A. J. McPhail, H. W. Wood and C. H. Burnell. The major policies of the organization are, of course, determined by the board. E. B. Ramsay, secretary and manager, is responsible for carrying out the board's policies and keeping the directors intimately in touch with all the operations of the entire organization.

Board of Directors Central Selling Agency



Left to right, standing—R. A. MacPHERSON, Alberta; W. G. S. GOURLAY, Manitoba; C. GELLIE, Manitoba; E. B. RAMSAY, Secretary, Sask.; C. JENSEN, Alberta. Sitting—C. H. BURNELL, Manitoba; A. J. McPHAIL, President, Sask.; H. W. WOOD, Vice-President, Alberta.

The head office staff, about seventy in all, is divided into three sections; those in charge of each section are responsible to the manager. Each of the sections is in turn sub-divided into several branches.

George McIvor general sales manager, is in charge of the sales department. Associated with him are: D. R. McIntyre, eastern sales manager, W. C. Folliott, coarse grains sales manager, O. Z. Buchanan, western sales manager, and the managers of the various branch offices of Central. The sales department is responsible for selling the grain as the broad policies laid down by the board and the judgment of the sales managers dictate. It is responsible for all sales, export and domestic, for the movement of grain to lake ports and the seaboard and to the twenty odd countries which purchase Pool grain. It also has charge of chartering lake and ocean freight and supervising all lake and ocean insurance, and all claims. In addition the department supervises the terminal elevators operated by Central.

A very important branch of the sales department is the export division in charge of H. McElligott. The department supervises the movement of grain over lakes, through canals and locks and harbours and over the oceans from the time it is loaded into boats at the Head of the Lakes until it is discharged, under the supervision of a Superintendence Company, by ocean vessels at ports in the United Kingdom, on the Continent or in the many other countries which import Pool wheat. Some idea of the extent of the work of the export branch may be gathered from the fact that the Pool made over seven thousand export sales during the past year. The work of the export branch cannot be described at all adequately without going into such technical matters as lake bills of lading, ocean bills of lading, marine insurance, certificates, inspection certificates, floating elevators, barges and what not. An important part of the export branch's duties consists of sending and receiving from two to three hundred lettergrams and cables each day.

Accounting and Financial

The accounting and financial department is divided into several branches. In addition to his duties as office manager, in which capacity he is responsible for the supervision of the staff, D. C. Stewart, as chief accountant, is responsible for all systems of recording used in the head office, branch offices and terminals. Mr. Stewart also accounts for all expenditures, prepares daily statements for the manager showing all transactions to date regarding receipts of grain, sales, and stocks on hand, and presents to the board complete monthly statements of all transactions made by the head and branch offices.

W. D. Tod is in charge of the financial department. The work of this branch consists in financing the movement of Pool wheat from the Head of the Lakes through many and diverse channels to the Pool's customers. The department arranges all transactions with the banks including the transfer of bills of lading as collateral for loans, drawing of drafts, all exchange transactions and all collecting on sales.

Another important branch of the accounting department is the cost accounting section which is operated by W. Aitken and his assistants. This department makes a detailed study of the costs of the operations of every department in the head and branch offices and of every transaction, including financing, shipping, elevating, insurance, etc.

Publicity and Statistics

The department of publicity and statistics, the main duty of which is to serve as a general information bureau, also has the task of striving to keep in intimate touch with every branch of the provincial pools, every Pool customer and all organizations in all countries interested in the advancement of the co-operative movement. The department works in close harmony with the provincial publicity departments and, by supplying information regarding the operations of Central and the news of agricultural and co-operative developments in many countries, assists them in their objective—an intelligent and well informed membership. The farmers of Western Canada are engaged in an enormous world business—the marketing of wheat in twenty-five countries—the conducting of which has many and diverse ramifications which bring the organizations in touch with numerous bodies in many countries interested directly or indirectly in supplying consumers with the staff of life. An important part of the department's work, therefore, is to co-operate with the press and other agencies which have an important

THE MEN WHO SELL POOL GRAIN

SALES STAFF OF THE CANADIAN WHEAT POOL



GEO. McIVOR
General Sales Manager



D. L. SMITH
*Manager London (Eng.)
Pool Office*



DONALD McINTYRE
Eastern Sales Manager



O. Z. BUCHANAN
Western Sales Manager



W. C. FOLLIOTT
Sales Manager Coarse Grains



JAMES GIBSON
Manager Vancouver Office.



influence in moulding public opinions by supplying them with full information relative to the aims and accomplishments of the farmers' organizations. The department also co-operates with all organizations such as agricultural colleges, universities, governmental and railroad departments doing research extension and other work for the advancement of agriculture. The statistical work of the department consists of collecting information relative to the supply, movement and prices of grain in all countries and general economic information which bears on the problem of marketing the Canadian crop. A very important phase of this work is the collection of reliable information on the acreage and condition of crops in Canada and other important wheat producing countries.

Many Branch Offices

To assist the Central office in moving over two hundred million bushels of grain annually from Pool and other terminals at the Head of the Lakes and the Pacific Coast to the consuming centres throughout the world the Pool maintains a number of branch offices. An office has been opened in London, England, with D. L. Smith in charge, to facilitate a further extension of the Pool's policy to market as much grain as possible directly to mills; to keep the Central Board well informed regarding conditions in Europe, and to establish a direct contact with the Pool's many Continental agents.

The branch office at Calgary, Alberta, O. Z. Buchanan in charge, has charge of the movement of grain to the Pacific Coast and the sale of all western exports. The branch office at Vancouver, J. Gibson in charge, assists the Calgary office by making the many arrangements necessary to export grain. The Western offices have played a prominent role in increasing Canada's exports to Oriental markets. For instance, during the past year the Pool shipped six and one half million bushels of wheat to Japan and one and one-half million to China, whereas a few years ago neither country imported wheat from Canada.

The Pool's office in Paris practically controls the sale of Canadian wheat in France by supplying about six hundred French mills. Approximately eighty per cent. of French imports of Canadian wheat is purchased from the Pool.

The Pool also maintains a branch office in Toronto which assists materially in the sale of Pool wheat to eastern mills. Branch offices are maintained at Montreal and New York which make all arrangements for the movement of Pool grain in the vicinity of these ports. For the supervision of terminal operations, offices are maintained at Fort William and Buffalo.

In order to secure reliable information regarding crop conditions, the movement of grain to markets and other data bearing on the marketing of Pool wheat, the Pool maintains a representative in the person of W. J. Jackman (formerly a member of the Alberta Wheat Pool Board) in the Argentine—one of the Pool's principal competitors.

The Central Selling Agency has experienced importers working for it in all the leading importing countries in the world. These agents are selected on the basis of their financial standing, reliability and ability to secure customers. The Pool has seven such agencies in England; one in Scotland; two in Ireland; four in Germany; one in Holland; one in Belgium; two in Denmark; one in Sweden; one in Portugal; one in Greece; one in Switzerland; two in Italy; one in Mexico; one in Brazil and one in China.

Pool's Selling Policy

As considerable confusion exists in the minds of some Pool members regarding the Selling policy pursued by the Central Board a statement of the Pool's selling policy will no doubt be of interest. "Orderly marketing" in Western Canada, as in other countries, is a much used and much abused phrase.

The popular conception of orderly marketing is that it is gradual selling or selling in accordance with consumers' demand, which is assumed to be uniform from day to day and from month to month. But the assumption is false. Demand is subject to constant change. It is in a constant state of flux depending on prevailing conditions. A glance at the purchase of wheat by importing countries from different regions will prove this statement. They fluctuate widely from season to season and month to month. There are many misconceptions regarding what constitutes demand. The amount of demand is to a very considerable extent dependent upon the price. If an association were to ask \$3.00 a bushel for its wheat it might still sell in accordance with demand but the demand at this price would be very weak and the association would still have a lot of wheat to sell when its members expected their final payment. Demand means the amount of a product that buyers stand ready to take at a given price.

A number of co-operative associations in the United States who have marketed their crop in accordance with the erroneous popular conception of orderly marketing have paid very dearly for their mistake. By following their dogma and selling approximately equal amounts each week, or each month, they have sustained substantial losses. At times when demand was very active they have sold only their monthly or weekly "quota" and at

other times when demand was comparatively slack they have sold the same amount.

Orderly marketing, properly interpreted, means selling in accordance with the conditions of the market. Both the conditions of supply and the conditions of demand must be considered. The conditions of supply and demand are constantly changing. An orderly marketing program, therefore is not a fixed and rigid one. On the contrary, it is extremely elastic. The main duty of those responsible for carrying out an orderly marketing program is to maintain a proper balance between the forces of demand and the forces of supply. Supply must not be allowed to exceed demand. The success achieved in carrying out such a program will, of course, depend upon the completeness of our knowledge of present market conditions and the accuracy of our estimates of probable future conditions.

The Canadian Wheat Pool markets its grain in an orderly manner, interpreting the phrase as explained above. The Central Selling Agency has built up a splendid market information service. The Pool salesmen have up-to-date information on grain production in all countries, exports from all countries, movements of grain in and out of all countries, conditions which affect demand in all countries, and conditions of crops and other information which give an indication of probable future production in all countries. By judicious use of this information the Pool is able to carry out its orderly marketing program in a very satisfactory manner.

Pool Makes No Attempt To Get Monopoly Prices.

The Pool does not attempt to obtain monopoly prices. It could not do so if it tried and any attempt to do so could not but be harmful to the farmers in the long run. If the Wheat Pool were to hold its grain for prices higher than prevailing demand and supply conditions warranted buyers would go elsewhere for their grain, consumption would be decreased as many consumers of wheat would use less wheat and more rye, rice, potatoes, oats or buckwheat; we could not dispose of all our crop, production would be increased in other wheat growing countries and ultimately prices would drop to lower levels than they are at present.

To attempt to follow the conception of orderly marketing prevalent in some circles and sell an approximately equal amount of wheat each week or each month would be the blindest sort of folly. It would mean placing ourselves in the power of the buyers of our wheat. It would mean foregoing good prices when the demand for our wheat was brisk, and selling too much when demand was dull and prices low, which would make prices still lower. It would mean sending buyers to competing countries for their supplies when the consumers wanted more Canadian wheat than the "weekly quota". It would mean a repetition of the serious mistake made by some co-operative associations. It would mean lower prices and lower returns to Pool members.

It is common knowledge that prior to the inception of the Wheat Pools the great bulk of the Canadian crop was sold by the producers during the first few months of the crop year. During the crop years of 1917-18, 1918-19, and 1919-20, for instance, seventy-five per cent. of the total crop left the control of the producers during the months of September, October and November. The following table which gives the monthly sales made by the Pool during the crop year of 1925-26, and the deliveries and sales by months during 1926-27, shows the change in marketing which has taken place since the Pool was established.

| Month | Monthly Sales made by Pool 1925-26 | Month | Monthly deliveries to the Pool 1926-27 | Monthly Sales made by Pool 1926-27 |
|---------------------|---------------------------------------------|----------------|-------------------------------------------------|---------------------------------------------|
| | Bushels | | Bushels | Bushels |
| Sales brot. forward | 15,000,000 | Carry over | 10,319,764 | |
| September 1925 | 13,235,000 | September 1926 | 28,484,500 | 10,561,571 |
| October 1925 | 26,886,000 | October 1926 | 26,434,164 | 14,814,308 |
| November 1925 | 23,300,000 | November 1926 | 43,131,886 | 20,481,982 |
| December 1925 | 13,047,000 | December 1926 | 23,245,397 | 20,123,190 |
| January 1926 | 14,370,000 | January 1927 | 17,154,266 | 17,319,700 |
| February 1926 | 9,018,000 | February 1927 | 9,695,512 | 13,714,785 |
| March 1926 | 10,703,000 | March 1927 | 8,966,533 | 14,552,133 |

Pooling Alberta's Wheat

| | | | | |
|---------------|--------------------|----------------|--------------------|--------------------|
| April 1926 | 15,503,000 | April 1927 | 7,386,050 | 15,662,517 |
| May 1926 | 11,628,000 | May 1927 | 14,610,541 | 21,774,818 |
| June 1926 | 11,869,000 | June 1927 | 5,322,172 | 14,290,607 |
| July 1926 | 14,329,000 | July 1927 | 13,623,951 | 7,349,960 |
| August 1926 | 11,905,000 | August 1927 | 1,103,340 | 17,131,482 |
| | | September 1927 | 23,402 | 14,449,470 |
| | | Carry over | | 7,274,955 |
| Totals | 190,793,000 | | 209,501,478 | 209,501,478 |

Pool Sells Great Deal of Wheat Directly to Importers

The Pool sells as much wheat directly to importers as possible. In 1924 the Pool exported directly about 40 per cent of the eighty odd million bushels handled. In 1925-26 and in 1926-27 about 75 per cent of the wheat handled was exported directly by the Pool.

The Pool is a member of the Winnipeg Grain Exchange, the Clearing House of the Exchange, and the Lake Shippers' Clearance Association. The Pool makes use of these institutions whenever it can benefit its members by so doing.

Following the garnering of Pool wheat by some 950 Pool elevators and many more houses operated by private companies, it is forwarded to the two principal outlets, the Head of the Lakes at Fort William-Port Arthur and the Pacific Ports of Vancouver and Prince Rupert. To avoid the long and expensive rail haul to Eastern Ports the Pool does everything in its power to facilitate the rapid movement of grain into saleable position on the Atlantic seaboard before the close of navigation on the Great Lakes. Pool grain moves in great volume down the lakes to the eastern lake ports and then on to Atlantic ports such as Montreal, New York, Baltimore, Philadelphia, Halifax and St. John. Pool grain is also shipped in great volume (last year the Alberta Pool shipped some 26 million odd bushels to Vancouver and Prince Rupert) over the Western route to the Pacific Coast from whence it is shipped through the Panama Canal to the markets in Europe and across the Pacific to the Oriental markets. During the past year the Pool shipped grain through sixty ports to twenty-four countries. The largest purchasers of Pool wheat during the past year were the United Kingdom, (50,152,558 bushels); Italy (15,584,547), Holland, (13,423,454), Germany (10,424,000), Belgium (10,280,781), and France (8,119,411). The Pool also shipped wheat during 1926-27 to Ireland, Sicily, Sardinia, North Africa, South Africa, Mexico, Malta, Portugal, Spain, Greece, Argentina, Brazil, Sweden, Norway, Denmark, Bolivia, Japan and China.

As the provincial Pools receive grain at the terminal elevators they turn it over to Central. Central finances the provincial Pools and makes advances to them to cover the initial payment made by the Pool elevators and to reimburse private elevator companies for initial payments made to members.

The Initial Payment

The amount of the initial payment for wheat, which has been \$1.00 per bushel basis No. 1 Northern in store at Fort William and Vancouver for the crop year of 1924, 1925, 1926 and 1927, is set by the Board of Directors of the Central Selling Agency. In determining the initial payment for both wheat and coarse grains the Board takes into consideration various factors which may affect the price of wheat, such as world production, Canadian production, demand in the domestic market and in importing countries, probable future production in the Southern Hemisphere, general economic conditions in importing countries and any other factors which may influence the probable average price for the year. The Central Board also determines the spreads between the various grades of all grains, which estimated spreads are in effect throughout the Pool year; the difference between the fixed spreads and the actual selling spreads are adjusted to the growers in the final payment.

Central finances the settlement with Pool members of the initial payment by borrowing money at six per cent interest on the security of warehouse receipts and bills of lading, from a "lending committee" which represents the large banks. Of course, as money accumulates from sales Central automatically cuts down the amount of its loans from the banks. The interim payments are also financed by Central. The first interim payment

is made before seeding and the second before harvest. The amount of these payments, of course, varies from year to year depending on crop and market conditions. The final payment is made by Central during October, following the close of the Pool year. Central deducts all marketing costs such as transportation charges, storage, interest and insurance charges, and administrative expenses from the gross proceeds of sales and remits the balance to the three Provincial Pools according to quantity of each grade delivered by each of the Pools.

Magnitude of Operations

Some idea of the magnitude of the operations of Central may be gained from the fact that since the Alberta Pool started in 1923 the Provincial Pools have paid out over six hundred and seventy-four million dollars. During the crop year of 1924-25 the Central Selling Agency sold over eighty-one million bushels of wheat. The Pool sold over one hundred and eighty-seven million bushels of wheat in 1925-26 and over fifty million bushels of coarse grains. During the 1926-27 crop year the Pool sold one hundred and eighty million bushels of wheat—over fifty three per cent of the total quantity of wheat inspected in the Western Inspection Division during the year—and about twenty-five million bushels of coarse grains. This year the operations of Central will be still larger in scope as it has recently assumed the responsibility of selling wheat for the newly organized Ontario Wheat Pool. The possibilities of the economy of co-operation are well illustrated by the fact that the annual administrative cost of operating the Central Selling Agency is covered by less than one fifth of a cent per bushel on the volume of grain handled.

ADMINISTRATIVE AND GENERAL EXPENSES OF THE CENTRAL SELLING AGENCY FOR THE CROP YEAR 1926-27

| | |
|----------------------------------------------------------|---------------------|
| General Expense..... | \$ 24,524.53 |
| Office Supplies and Stationery..... | 14,373.38 |
| Office Travelling..... | 8,263.39 |
| Directors Fees and Expenses..... | 35,338.35 |
| Ordinary Fees and Expenses..... | \$20,853.80 |
| Special Australian, Argentine and Oriental Trips..... | 14,484.55 |
| | <u>\$35,338.35</u> |
| Rent and Light..... | 18,415.06 |
| Salaries..... | 223,237.10 |
| Telephones..... | 12,885.85 |
| Legal and Audit Fees..... | 22,940.41 |
| Publicity..... | 17,001.96 |
| Business Tax..... | 968.53 |
| International Conference..... | 602.81 |
| | <u>\$378,551.37</u> |

Less: Proportion charged against Coarse Grain Operations on the basis of $\frac{1}{4}$ c per bushel on deliveries... 65,835.04

\$312,716.33

or 0.1738c, or less than 1-5 cent per bushel of wheat handled

STATEMENT OF OPERATIONS OF THE CENTRAL SELLING
AGENCY FROM SEPTEMBER 15, 1926 TO SEPTEMBER 22, 1927

Sales

| | |
|---------------------------|-----------------------|
| Eastern..... | 259,379,126.52 |
| Export via East..... | 164,866,774.00 |
| Domestic East..... | 94,512,352.52 |
| | <u>259,379,126.52</u> |
| Western..... | 34,356,728.65 |
| Export via West..... | 21,070,698.06 |
| Domestic West..... | 13,286,030.59 |
| | <u>34,356,728.65</u> |
| | <u>293,735,855.17</u> |
| Add: Option Accounts..... | 2,053,676.50 |
| | <u>295,789,531.67</u> |

Costs deductible from Sales

| | |
|-----------------------------------------------------|----------------------|
| Local Purchases (Exclusive of Pool Deliveries)..... | 43,149,921.94 |
| Grain Charges..... | 33,584,358.69 |
| Lake and Rail..... | 12,696,973.96 |
| Elevation (L.S.C.A.)..... | 1,994,109.81 |
| Superintendence..... | 1,127,620.04 |
| Chartering..... | 210,798.71 |
| Ocean Charges..... | 10,134,173.59 |
| Brokerage..... | 158,111.65 |
| Options Brokerage..... | 19,897.58 |
| | <u>26,341,685.34</u> |
| Drying..... | 336,214.43 |
| Pool Terminal Charges..... | 629,023.40 |
| Storage..... | 2,896,713.06 |
| Insurance..... | 912,457.23 |
| Bank Charges..... | 1,854,695.09 |
| Premiums on western shipments..... | 470,998.63 |
| Diversion Premiums..... | 142,570.51 |
| | <u>33,584,358.69</u> |

Administrative Expenses..... 411,831.68

Net Proceeds from Sales available for distribution appropriate and distributed to Provincial Pools..... 77,146,112.31

| | |
|-----------------------------|-----------------------|
| | 218,643,419.36 |
| Pool Deliveries..... | 160,978,350.22 |
| First Interim Payment..... | 25,409,731.25 |
| Second Interim Payment..... | 27,165,155.24 |
| | <u>213,553,236.71</u> |

Stocks of Grain held for account of Provincial Pools..... 5,090,182.65
14,287,493.47

Surplus for account of Provincial Pools established on a distributive basis, from which deduct..... 19,377,676.12
Amount allocated for Final Payment..... 19,155,067.22

Balance being surplus at credit of Season 1926-1927 Pool..... \$222,608.90

THE GRAIN TRADE AND WHEAT PRICES, 1926-27

Just as we go to press we are greeted with the annual avalanche of grain trade propaganda, following the announcement of the Pool's final payment, to the effect that Pool members received less than non-Pool farmers for their 1926 wheat crop.

An article which appeared recently on the front page of one of the large eastern newspapers, states in part: "The distribution brings the price on No. 1 Northern to \$1.42 a bushel with other grades in proportion. From this the various provincial pools have made deductions for the building of elevators, for reserves, etc. These deductions will amount to nearly six cents a bushel. The farmers' actual return will be somewhat over \$1.36 a bushel. This compares with the average closing price on the Winnipeg Exchange for the period covered by the Pool's year of \$1.46 a bushel. This may be taken as the average price received by non-Pool farmers."

The statement contains not one iota of truth. In the first place, the deductions made by the provincial Pools were not nearly six cents. The Alberta Pool deducted 2 cents for elevator reserve, 1 1-20 cents for commercial reserve and 9-20 cents to cover operating and administrative costs. The other two Pools made similar deductions. Moreover, the deductions for elevator and commercial reserves are in no sense appropriations but are actual loans made by members to their Association. Each member has an equity or investment in the Association proportional to his contribution to the elevator and commercial reserve. Each member receives six per cent interest per annum for his contribution to the elevator reserve which is money lent to his Pool to provide elevator facilities.

The second statement, that the actual return received by Pool members is \$1.36, basis No. 1 Northern is equally untrue. Taking Alberta as an illustration, the Pool members actually received \$1.38½ per bushel, over and above their investment of over three cents per bushel in their Association.

The first two statements might be overlooked as mistakes due to lack of information but it is perfectly obvious to any intelligent person that the statement that non-Pool farmers received an average price equal to the average closing price on the Winnipeg Grain Exchange of \$1.46 per bushel is absolutely untrue and absurd. The so-called average of \$1.46 was obtained by adding together the daily closing quotations and dividing the sum by the number of days. The interests responsible for the statement are bound to realize, as every wheat producer realizes, that the figure is valueless as a comparison of Pool and non-Pool prices. It completely ignores the most important factor in computing a true average, namely, the volume of grain sold at the various prices throughout the year. No consideration whatsoever is given to the cost of storing, or to the insurance and interest charges which are approximately 1½ cents per bushel per month. All of these charges including the administrative and operating cost of the Canadian Pool, were deducted before computing the Pool's average price of \$1.42 for No. 1 Northern. No mention is made of the one cent per bushel deducted by the private grain trade as a selling commission.

The absurdity of the Grain Trade's method of computing the average price may be readily demonstrated by taking a very simple illustration. Let us say a farmer sells 1200 bushels of wheat over a period of three months. The first month he sells 900 bushels at \$1 per bushel, the second month 200 bushels for \$1.10 and the third month 100 bushels for \$1.20 per bushel. If we use the Grain Trade's method of obtaining an average we would simply add the \$1 to the \$1.10 and the \$1.20 and divide the sum, which is \$3.30, by three and obtain an average, which is absolutely analogous to the Grain Trade's average, of \$1.10 per bushel. It is perfectly apparent, however, that the actual price received by the farmer would be only \$1.03 per bushel, figured as follows:

| | |
|----------------------------|------------|
| 900 bushels at \$1.00..... | \$900.00 |
| 200 bushels at \$1.10..... | 220.00 |
| 100 bushels at \$1.20..... | 120.00 |
| Total..... | \$1,240.00 |

Average price \$1,240, divided by 1200 = \$1.03

Even if the Grain Trade could demonstrate to a finality that the non-Pool farmer receives as much for his wheat as the Pool farmer there would still be ample justification for the existence of the Pool. It must surely be evident to everyone that whatever influence the Pool has in determining the price of wheat is an advantage to the non-Pool farmer as well as to the Pool member. The Pool's policy of merchandising its wheat as the demand for it arises and thus avoiding depressing values by offering more than consumers are willing to take at fair prices is obviously advantageous to all farmers whether they be Pool members or not.

Where Grain Trade Makes Big Money

The Pool is not and will not be judged by a comparison of Pool and non-Pool prices; much more important considerations are involved. It is important, however, that farmers and the general public know the facts regarding prices received by Pool and non-Pool farmers. The only fair way to arrive at the average price received by Pool farmers for street wheat is to take the actual prices paid for grain at country points. It is a well known fact that street wheat, or wheat delivered and sold in wagon load lots, represents approximately fifty per cent of the grain marketed. Practically all elevator companies in Alberta buy street wheat on the basis of the prices sent out daily by the Western Grain Dealers' Association at Calgary, an organization of private grain traders. Taking the volume of wheat delivered week by week at all shipping points in Alberta and the Western Grain Dealers' price quotations for the corresponding weeks, in other words, using the same method to determine the average price as used in the illustration to demonstrate the true average price received by the farmer who sold 1200 bushels, the average price received by non-Pool farmers for street wheat in Alberta during the entire crop year, basis No. 1 Northern at a 26 and 27 Fort William freight rate point, was \$1.17 4-5 cents. The Pool price for street wheat on the same basis was \$1.22 2-5 cents, or over four cents higher. The average price paid for non-Pool street No. 2 Northern, on the same basis, was \$1.13 3-5. The Pool price for No. 2 Northern, on the same basis, was slightly over \$1.18, or over 4½ cents higher than the non-Pool price. The average price paid for non-Pool street No. 3 Northern on the same basis, was \$1.07 4-5 cents. The Pool price for No. 3 Northern was \$1.11 2-5 or 3 3-5 cents higher than the price paid for non-Pool street wheat in Alberta.

Paid on Vancouver Basis

It is very important to note that the figures given above as the Pool payment for street wheat on the various grades were obtained by deducting the Fort William freight rate, 26 cents per hundred pounds or 15.6 cents per bushel, and 4 cents per bushel as a handling charge from the Pool's Fort William basic price. As all Pool members in Alberta are paid on the basis of Vancouver freight rates and as the average rate last year to Vancouver was 2.64 cents per bushel lower than the average Fort William rate it can readily be seen that the actual difference between the prices paid for Pool and non-Pool wheat is much greater than shown above.

A still wider margin in the Pool's favor can be found between Pool spreads and the spreads taken from non-Pool farmers. It is common knowledge that practically all the grain bought at country points in Saskatchewan and Manitoba is purchased at prices sent out daily by the Dawson Richardson Publications Limited, which prices are set by a committee representing the Northwest Grain Dealers Association, an organization of private grain companies. A comparison of the spreads between the total prices paid by the Pool for the various grades, which reflect the actual price received by the Pool, and the spreads between the various grades quoted by both Dawson Richardson Publications Limited and the Western Grain Dealers' Association, consistently show a wide margin favorable to the Pool. The following table shows the average discounts on non-Pool wheat taken from the Dawson Richardson price lists for seven months out of nine, (the price lists for the other two months are not available to the Pool) and the corresponding spreads on Pool wheat.

Comparison of Spreads on Pool and Non-Pool Grain

| Grade | Average Discount under No. 1 North- ern for 1926 crop of non-Pool wheat taken from Northwest Grain Dealers' Price List | Pool's Discount under No. 1 Northern for 1926 crop | Higher Price Paid for Pool Wheat |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------|
| No. 4..... | 21½c | 20½c | 1c |
| No. 5..... | 35c | 33c | 2c |
| No. 6..... | 49c | 44½c | 4½c |
| Feed..... | 62c | 55½c | 6½c |
| Red Durum..... | 20½c | 12c | 8½c |
| White Spring..... | 14c | 10c | 4c |
| Kota..... | 11½c | 8c | 3½c |
| Smutty..... | 18c | 11½c | 6½c |
| Rejected..... | 19½c | 13½c | 6½c |
| Tough..... | 8½c | 7c | 1½c |
| Damp..... | 19½c | 14½c | 4½c |

The Northwest Grain Dealers' spreads during the period August 1, 1926, to January 31, 1927, during which period 85.5 per cent of the total crop was delivered, were wider than the average annual spreads shown in the above table. For instance, the Pool's discount for Red Durum was over 11 cents less than the Northwest Grain Dealers' spread during the period mentioned; on White Spring the Pool's discount was over 7 cents less; on Kota the Pool's discount was over 5 cents less; and on Smutty the Pool's discount was 7 cents per bushel less than the Northwest Grain Dealers' spread.

Some of the spreads taken from the Western Grain Dealers' Association price lists are even wider than those shown on the price lists of the Northwest Grain Dealers Association. The following table shows the average discount under No. 1 Northern on non-Pool wheat taken from the daily price lists of the Western Grain Dealers during the period of August 1, 1926, to July 31, 1927.

| Grade | Average Discount under No. 1 North- ern for 1926 crop of non-Pool Wheat taken from Western Grain Dealers' Price Lists | Pool's Discount under No. 1 Northern for 1926 crop | Higher Price Paid for Pool Wheat |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------|
| No. 4..... | 21 2-5c | 20½c | 1 3-10c |
| No. 5..... | 34 3-5c | 33c | 1 3-5c |
| No. 6..... | 49c | 44½c | 4½c |
| Feed..... | 62 3-10c | 55½c | 7c |
| Tough..... | 9c | 7c | 2c |
| Rejected..... | 18c | 13½c | 4½c |
| Smutty..... | 16½c | 11½c | 5c |

In view of the unprecedented amount of low grade tough and off-grade grain marketed during the last year it is perfectly obvious that the higher spreads on non-Pool grain represent in the aggregate millions of dollars.

The difference between the Western Grain Dealers' spreads and the Pool spreads on tough wheat alone amounts to over one and one half million dollars on the volume of non-Pool tough wheat, which gives some idea of the enormous loss to non-Pool farmers through excessive spreads taken by private grain companies.

As previously mentioned, a comparison of Pool and non-Pool prices is a most inadequate basis of appraising the Pool, but if interests insist on making such a comparison it is important that they adhere to the facts. The statements here made may be substantiated by anyone by referring to the sources mentioned.

IX. ANTI-POOL PROPAGANDA

Facts About Grain Marketing. The Northwest Grain Dealers Association needs no introduction to Alberta farmers. The Association has published, and distributed widely a little booklet entitled "Facts About Grain Marketing." The following is the Pool's answer to The Grain Trade's booklet.

The underlying argument of the Grain Trade propaganda is that agricultural co-operation is unsound in theory and unworkable in practice. The most vicious form of co-operation is, in their view, wheat pooling. Farmers would be well advised, they argue, to abandon the Pool which has deprived them of so much and patronize the old Grain Trade which always has given and always will give the farmers more than they will get through co-operation.

What has the Grain Trade done for the Farmers? The private Grain Trade has been built up and maintained by the farmers. The farmers have made possible the profits of the Grain Trade by delivering their grain to it. The present capital of the Grain Trade has been built up largely from profits made on marketing farmers' grain. In return what has the Grain Trade done for the farmers? How much money has the Grain Trade contributed to the advancement of agriculture in Western Canada? How many thousand dollars has the Trade given to advance our knowledge of scientific agriculture? Has the general level of agricultural education in the Prairies been raised by the Grain Trade? What service, other than handling his grain, for which it has been handsomely rewarded, has the Grain Trade rendered the farmer? In what way has the Grain Trade been a benefactor of the farmer? Needless to say, three words will answer the above question—Nothing, None, and No!

The farmers have made possible Grain Trade profits. In return the Grain Trade has used part of these profits to condemn the successful attempt on the part of the Prairie farmers to better their own conditions. The Pool is not an organization built up by a few men to exploit the farmers. It is an organization of farmers who have come together to work for their mutual benefit by pooling their resources. The Pool is not interested in securing profits. Its primary function is to market its members' grain and return to its members every cent the consumer pays for his grain less only the necessary and minimum marketing costs. The Pool is not a band of inexperienced theorists as the Grain Trade would have us believe. It is a co-operative organization controlled by 140,000 farmers and operated in such a way as to return to the producer every possible cent for his crop. When the Grain Trade attacks the Pool it attacks 140,000 farmers working together for their mutual benefit; working to evolve a more efficient, less expensive, more remunerative, and more satisfactory form of marketing than the Grain Trade offers.

Pool now gives farmers what Grain Trade used to get. After reading the propaganda put out by the Northwest Grain Dealers Association producers should ask themselves why the Grain Trade is taking such an interest in the farmers' affairs? Has the Grain Trade been so solicitous of the farmers' welfare in the past that we may trust it to guard zealously their interests in the future? There is, of course, only one possible answer to these queries. The Pool is now giving to the farmer what the Grain Trade used to get. The Pool has without question cut down the earning power of some private companies and naturally these companies do not love the Pool.

Pool's Guarantee is hard on the Grain Trade. The Grain Trade is fighting hard to regain its previous enviable position, that is, when it got large profits from mixing, drying, commissions and margins between prices paid and prices received. The Trade opposes the Pool because it knows full well that the Pool's guarantee to return to the farmer every cent his grain brings on the world's market minus only the necessary and minimum marketing costs means good-bye to the Grain Trade's lucrative returns.

Farmers Prefer Their Own Service. In brief, the farmers have organized to serve themselves. They have found that they can do this more adequately and for less expense than the Grain Trade. The Grain Trade

wants to serve the farmers, but it wants too much for a service much inferior to the farmers' self-service. Because the farmer insists upon serving himself the Grain Trade insists upon spending a lot of money (made in serving him in the past) to induce him to accept their inferior service at a greater cost than the farmers' own service.

Many of the arguments advanced by the Northwest Grain Dealers' Association are scarcely worthy of an answer. The answer to many of them must be apparent to every reader of their propaganda. To inform those members who have not secured the misinformation, published by Pool opponents parading as farmers' friends, we give the nucleus of and the answer to several of their favorite arguments contained in their little booklet entitled, curiously enough, "Facts on Grain Marketing."

Who Pays for Anti-Pool Propaganda?

The Pool opponents are continually repeating that the cost of the propaganda they put out is not paid for by farmers. Who else can possibly pay for it? The farmer who delivers his grain to the private company makes possible their profits and in the long run must pay any expenses they incur to induce him to continue to deliver his grain to them and continue to increase their profits.

Difference in Price for 1924 and 1925 Crops Inevitable. The Grain Trade is informing the farmers that the Pool allowed prices to drop 21c per bushel, as the Pool paid \$1.66 basis No. 1 Northern for the 1924 crop and only \$1.45 on the same basis for the 1925 crop. We need pay little attention to such shallow arguments. The Price of wheat is set in the long run at a point where the many forces which determine demand and supply are in equilibrium. Neither the Pool, the Grain Trade or any non-governmental agency in the world could possibly have prevented the drop in prices from 1924 to the 1925 level. To mention only one, though the main one, of a number of factors responsible for the decline, the world's wheat production in 1925 was 3,909,487,000 bushels and in 1924 it was 3,469,640,000 bushels. Canada's wheat production in 1925 was 436,375,000 and 262,097,000 bushels in 1924. The Pool has never on any occasion even suggested let alone contended, that it could fix the price of wheat. The Pool realizes that the price of wheat is determined by many factors and that no one can say definitely the magnitude of the effect of each factor.

Trade Knows Not How the Pool Sells its Wheat. By juggling figures in a very quaint manner the Grain Trade tells the farmers that the Pool sold an average of 31,850,000 bushels per month of the 1925 crop during a period of three and one-half months. The Grain Trade knows nothing about how much the Pool sold each month. The figures given are so far from the truth that they are positively ridiculous. Responsible Pool officials have never contended that the Pool sold about the same amount of wheat each month. Pool wheat is sold in varying amounts from time to time depending on the demand and the total amount of wheat to be sold. Pool officials frankly state that the Pool will sell more wheat in the fall months if the demand is good, than in the other months if the demand is not so strong as it is in the autumn.

Pool Answers "Why the Hurry?"

Under the title of "Why The Hurry?" the Northwest Grain Dealers' Association makes another contribution to anti-Pool literature. The booklet contains a curious array of facts, misinformation, platitudes, false implications and subtle, but nevertheless shallow arguments. The sole purpose of the booklet is, of course, to undermine the farmers' confidence in the Pool and induce them to refrain from signing the new contract. The pamphlet purports to compare the relative advantages of the private Grain Trade method and the Pool method of marketing. The comparison, however, is a very curious one. They say the advantages of the private Grain Trade system are so overwhelming and the disadvantages of the Pool system are so numerous, fatal and insurmountable, that farmers would be well advised, and it would be to their very best self interests, to abandon the Pool plan and go back to the private system! Farmers are foolish, the pamphlet argues, to stick to an organization which has robbed them of so much when the private Grain Trade, manned exclusively by altruistic gentlemen, who are

extremely anxious to minister to the farmers' every whim and who are motivated solely by a burning desire to do everything possible to enhance the producers' welfare, stands ready to give them the best possible service at less than the least possible price!

The bulk of the pamphlet is given over to comments on the Pool contract from nearly all of which a false inference is drawn. The first several sections are general platitudes which have nothing whatsoever to do with the main argument of the booklet—namely, the reasons why farmers should not sign the new contract. For instance, take the first point which the Grain Trade thinks deserves special notice, the statement about bulk handling. It reads as follows: "Bulk handling is more completely provided for than in any other country. Grain can be accumulated at all country marketing points, can be shipped in whole trainloads to still greater accumulating terminal points, from which it can be moved by trainload or by car load from country stations to the seaboard, all economics and advantages of bulk handling exists in Canada." Now we all must admit that the statement is one of fact, but what in the world has it got to do with the argument of the Grain Trade, that farmers better give up the Pool plan (the plan, mind you, which guarantees to every Pool member every cent the consumer pays for his product minus only the minimum and necessary marketing charges and go back to their old love, the private Grain Trade—the plan, mind you whereby all the gains due to mixing, drying, commissions and margins between prices paid and prices received go to private traders and not to the farmers as under the Pool plan. Pool members get all the advantages of bulk handling as the Grain Trade has no monopoly of grain handling facilities.

The second feature to which the Grain Trade thinks special attention should be given is the fact that the Dominion Government does the grading. Well, what of it? Of course, the Dominion Government does the grading, but what has that to do with the argument of the Northwest Grain Dealers' Association that the Pool plan, (the plan, as you all know, which ensures, among many other features, an increase in the farmers' independence and income by giving him a voice in the selling of his crop) should be forsaken for the plan of the private Grain Trade (the plan, as you all know, which has been tried for years and found to be too costly and extremely unsatisfactory by the farmers). Farmers get all the advantages of government grading regardless of whether they market their grain through the private Trade or through the Pool.

Grain Trade Methods Costly

The third special feature to which the Grain Trade draws the farmers' attention is in part, as follows: "Farmers for many years past have had more country elevator capacity in proportion to grain produced than is available to farmers in any other district in the world." But is that anything to boast about? Why tell the farmers that which they know only too well, that is, that the inevitable result of the private Grain Trade system is more elevators than are necessary to handle the farmers' grain economically? Why ask farmers to forsake the Pool plan, which due to its large volume of business, makes possible well equipped plants operated at a low cost, for the private Grain Trade plan which provides a large number of plants, a great number of which have a small turnover, large overhead and high cost? The large turnover of the Pool enables it to take advantage of the economies of large scale production. Labour, management, rent, interest, insurance, depreciation and other necessary charges per bushel of grain handled are lower under the Pool than under the old plan. It is self-evident that having one man do what many men did before, or having one plant handle what many plants previously handled or one efficient staff do what many staffs did must of necessity mean great economy. We ask those who do not think it is self evident to compare the operating costs of the Alberta Pool which were approximately one-half cent a bushel in each of the four years it has operated with the price they paid for the same service to the private Grain Trade. The inevitable result of the competition of the private Grain Trade is too many elevators, which means lower handling per elevator, less efficiency and greater cost, and we are rather surprised to find the Grain Trade drawing our attention to this fact.

Under the heading of "Either Spot Cash or an Advance" the Northwest Grain Dealers' Association enumerates the options the farmer has in selling

his wheat under the old system. The first option they mention is that he may sell outright for cash at the elevator door. No mention is made, of course, of the wide and, in many cases unjustifiable, spreads between the Winnipeg prices and the prices paid for street wheat.

A Valueless Option

The second option mentioned by the Grain Trade is that any farmer may have any quantity stored and may sell it at any time thereafter he chooses. Our answer to this argument is that having the option to choose when to sell is not of much value to the individual farmer when he has little or no information to enable him to choose an advantageous time to sell. Farmers, due to the fact that they must devote their full time to conducting their farming operations, are not good judges of the market. This fact was brought out strikingly recently by a preliminary report on farmers' elevator operations in the Northwestern States issued by the Bureau of Agricultural Economics of the United States Department of Agriculture. Fifty representative elevators were selected for study. Data were compiled from the elevator audit statements which show how farmers managed to judge the market. The report shows conclusively that for the year studied farmers sold most of their wheat when prices were low. The study is an actual confirmation of what all grain men know to be true, namely, that farmers are not in a position to be good wheat salesmen. And what else can you expect? The farmer has little or no information which will enable him to decide when to sell, he has too much to do to fit himself properly to sell his grain well. The Pool, on the other hand, has the most up-to-date information on present and probable future grain production and consumption in all countries and prices in all markets and having control of a large volume of grain is in a position to get appreciably better returns than the average individual farmer who sells his wheat in an unenlightened manner.

The alleged advantage of the old system, that is, the farmers' privilege to choose the time to sell their grain, is in reality no advantage at all. It is very well known that the reaction of the average farmer to a rising market is to hold his grain for still higher prices until prices begin to decline. It is also a well known fact that the reaction of the average farmer to a falling market is to become frightened and, thinking prices will go still lower, rush to sell which quickly sends prices downward. Under the Pool plan the farmer does not need to worry about the market as he knows full well that his grain will be sold to good advantage by expert salesmen and that he is assured a good average price for it.

Pool Payment Method

The Grain Trade's sixth argument against the Pool is that under the private Grain Trade's marketing plan the farmer can sell his grain on any day in any position for spot cash. What of it? Many people can buy many commodities for spot cash considerably below their true value. This argument is the old one that farmers are better off to receive the receipts for their crop in one lump sum in place of receiving their returns in several payments. Practically all the merchants, bankers and other business men in Western Canada will back up the Pool's contention, that the Pool plan of making payments is an innovation which has resulted in wiser spending, less credit, putting farming more nearly on a cash basis, and a much more contented farming population.

Free From Restrictions

Under the heading "Free From Restrictions," the booklet enumerates four alleged advantages of the open market system. The first of these reads as follows: "It is not necessary to bind oneself by a contract for a five-year term." Our answer is that the majority of farmers of Western Canada having tried the open market system have found it sadly lacking and have built up a superior system to replace it, one of the features of which is the use of contracts. The principal reason for using a contract is to ensure the Pool of a sufficient volume of business over a period of years to enable it to operate effectively and efficiently and render the best possible service to all Pool members.

The second alleged advantage, which contains an implied falsehood, reads as follows: "There are no penalties, injunctions, or imprisonment, for making a change in the method of marketing, whenever a farmer chooses

to do so." The contract does not contain the word imprisonment. The use of the word by the Grain Trade shows the lengths to which Pool opponents will go to create suspicion and distrust by false statements. In speaking of penalties the Grain Trade apparently has in mind the liquidated damages clause of the Pool contract. This clause is merely a provision to protect the Association due to the fact that it is practically impossible to determine the damage done to the Pool by members who violate their agreement with their fellow members. The contract is merely an agreement stating the responsibilities and duties of the individual to the group and the group to the individual. It is an agreement stating the mutual understanding of the two contracting parties.

Pool and Grain Trade Deductions Contrasted

The third special alleged advantage of the open market system is stated as follows: "There are no special deductions from the sale price, such as those taken by the Pool, to be held at its pleasure with or without interest, as it alone decides." The deductions from the proceeds of the farmers' grain taken by the Grain Trade, may not be special ones, but they are most certainly deductions nevertheless, and very substantial ones at that. How about their profits from mixing, drying and their spreads between prices paid for street wheat and prices received by grain dealers, to mention only two of several sources of deductions? A form of deduction of which many people are not aware is the premium paid for spot wheat over the prevailing option. Street wheat prices are based on the price of futures, (that is, the price of wheat to be delivered at Fort William on a future date), but elevator companies who get the wheat at Fort William (and many of them do), before the date of delivery of the wheat they sell to hedge their country purchases, get spot prices for it, which prices have been higher than the future prices for the past few years.

Elevator Deductions

One of the special deductions the Grain Trade speaks of is the two cents per bushel deducted to enable the Pool to give its members fair treatment, fair grades, fair weights and good service through Pool country and terminal elevators. The other special deduction refers to the provision which allows the Pool to deduct not more than one per cent of the gross selling price of the grain as a commercial reserve. A business concern which does not make provision for building up a reserve to take care of contingencies is not a very well managed institution. Moreover, these deductions belong to the individual farmers. Each member is credited on the Pool books with the exact amount deducted from the proceeds of his crop, and is sent a statement each year which shows the amount credited him. In addition, each member receives six per cent interest per annum on the amount credited him in the elevator fund. The accumulated interest on the elevator reserve from the 1924 crop was paid in June, 1927. The differences between the Pool's deductions and those taken by the Grain Trade are: No. 1. The Pool deductions are a definitely known amount, the Grain Trade deductions are not. No. 2. The Pool deductions are not more than three cents per bushel, the Grain Trade deductions are, on many types of grain, considerably more. No. 3. The Pool deductions are credited to farmers, interest is paid on them, and the deductions will be paid back to the farmers. The Grain Trade deductions on the other hand are taken from farmers by private individuals never to be returned.

Use of Contracts Justified

Our answer to the Grain Trade's statement that there is no need for a contract is as follows: No. 1. We use a contract to make sure of a sufficient volume of business over a period of years to operate efficiently and effectively. No. 2. When we have a contract we know approximately the volume of business we will have and thus have a definite basis for our merchandising policy. Knowing the approximate amount of grain we will handle also enables us to make favorable arrangements for financing. No. 3. The members have much more confidence in an organization which has contracts as they know it will be more permanent than an association which is not assured steady patronage. No. 4. The power of the Grain Trade to undermine the confidence of members and attempt to break the organization by offering inducements such as grades and prices above the true grades or

true competitive prices is greatly reduced by the contract. No. 5. The contract guarantees the producers that they will not have to bear the burden of the disloyal members and pay their share of the expenses in addition to their own share. No. 6. The contract protects the Pool against the members taking advantage of all the Pool's services and then selling outside if speculation sends prices temporarily above their normal level. No. 7. The contract is a convenient way to state the responsibilities, privileges, understandings, and duties of the contracting parties. It is merely a business agreement between the individual member and the group of members.

The phrase "Inasmuch as the remedy at law would be inadequate," occurring in clause twenty-four of the Pool contract, has been the target for another of the Grain Trade's empty and deliberately false criticisms. The words "at law" as used in the clause just mentioned, have a strictly technical meaning which is thoroughly understood by those of the Grain Trade who ask the misleading questions—Why can the Pool contract not rest upon the general laws of the land, as do other contracts? Why should the Pool require preferential legislation and take the position that "the remedy at law would be inadequate to protect its contract."

The administration of our legal system involves two quite distinct sets of rules and principles. On the one hand, there are the rules of Law, on the other, the rules of Equity. The former provide remedies by enforcing the payment of damages in specified sums of money; the latter provide further remedies by the way of injunction or by decreeing that the contract be specifically performed. When the remedy provided by the rules of Law is not sufficient to fully compensate a plaintiff for damage suffered, it is customary to call in the rules of Equity for additional relief.

When the Wheat Pool contract adopts the phrase, which is universally used in the business world, that the "remedy at law is inadequate"—the reference is entirely to the remedy provided by the rules of Law, as distinguished from Equity, and contains no suggestion that the Pool contract is unable to stand on its own feet before the usual courts of the land, and according to our customary legal principles.

Why the Pool Renewed its Contracts in 1927

The booklet concluded by asking the question why farmers should be in a hurry to sign the new contract. The answers are: No. 1. We desired to avoid the confusion of having thousands of contracts coming into the Pool office during the winter when the staff is working overtime doing the work connected with receiving grain. No. 2. We wish to keep the members of the Pool staff busy during the summer months. Due to the nature of the grain business employees usually have to work overtime in the autumn and winter and are not fully engaged in the summer months. To receive over 40,000 contracts entails an enormous amount of clerical work such as filing, recording, posting all the necessary books, etc., which work can be done in the slack months entailing little or no extra expense. No. 3. We wish to give farmers ample time to sign the contract and avoid the expense of attempting to secure forty thousand members in a few weeks. We are giving all Pool members until August, 1928, to sign the contract without any expense to them. No. 4. We are convinced that the Alberta Wheat Pool is a permanent institution and we do not need to wait until the last minute to see if the farmers will sign a new contract. We know the farmers will want to continue their own institution which has been of so much benefit to them. No. 5. We are merely meeting the persistent demand of our members by sending them contracts to be signed.

X. PUBLIC OPINION AND THE WHEAT POOL

The interest taken in the Alberta Pool, the belief in its principles, the confidence in its management and the conviction of its success are by no means confined to Pool members. The Alberta Pool was organized for a very small cost. Practically the entire membership was secured by purely voluntary work. The Pool was very fortunate in its organization period in securing the moral, active and practically unanimous support of bankers, merchants country and city newspapers, boards of trade, and other non-farmer organizations throughout the province. It has been still more fortunate in maintaining and increasing this support.

With the exception of the grain trade interests, the Pools have enjoyed practically the unanimous support of public and private opinion throughout Canada. We give below a few expressions of confidence in the Pool from disinterested parties.

The Honourable Vincent Massey, Canada's first ambassador to the United States: "The Canadian Wheat Pool is the greatest agricultural co-operative scheme in the world," stated Vincent Massey in his first interview at Washington.

Mr. Massey was asked if Canada had a farm problem such as the United States is facing, and told the newspaper men how the Canadian farmers are finding in co-operation a cure for their financial troubles.

"The formation of the Wheat Pool is a tremendous tribute to the resourcefulness and community spirit of the Canadian farmer," Mr. Massey declared. He explained, in a reply to an inquiry, that the Canadian Government had not aided in the formation of the scheme, but that it was a farmers' scheme entirely formulated by them, and aided, of course, by the banks. The scheme was approved by the Government, but there had been no occasion for the Government to assist the Pool.

"The Canadian farmer, like yours," he said, "has had his period of low prices for his produce and has been compelled to pay high prices for the things he needs. The farmers are adjusting themselves rapidly to present conditions, largely through the development of their own business and a steady liquidation of their debts is going on."

This is not the first time Mr. Massey has spoken in complimentary terms of the Canadian Wheat Pools. In September, 1925, speaking at Port Hope, Ontario, Mr. Massey declared:

"One of the things which has commanded the admiration of thoughtful business men in Canada is the success of that gigantic feat in co-operative marketing, the Western Wheat Pool, which represents sixty per cent. of the wheat produced in the West in 1925. We should be proud to have in Canada the largest wheat marketing organization in the world."

The Prime Minister of Great Britain. On July 22, 1927, just before leaving for Canada, Premier Stanley Baldwin addressed a meeting of farmers at Manton Hill, Lincolnshire. The following is an extract from his speech:

"I am going to participate in the celebration of the Diamond Jubilee of Confederation there, and I may add, my own diamond jubilee too." (Premier Baldwin was born on August 3, 1867).

"I wonder how many of you have followed what the farmers of Canada have done," said Mr. Baldwin. "For years they were 'monkeyed about' by dealers and speculators in wheat, but in less than five years the market methods in Western Canada have been revolutionized and depression has given place to optimism. That is one reason why I am going there. I want to be among the optimists for a week or two."

"All this has been done by the farmers themselves. Confronted by the slump following the post-war boom, they consulted together and formed a Pool of the great wheat producing Provinces and this Pool was governed by the farmers."

"They disposed of 212,000,000 bushels of grain grown on 14,000,000 acres of land, or 70 per cent. of the total crop of the whole Dominion."

"That gigantic effort by self-help and keen work saved thousands of Canadian farmers from disaster."

"A movement like this has its critics, but it is authoritatively claimed for it that it prevented the glutting of the market, smoothed out the prices and ruled out the unnecessary middlemen."

British Grain Trade Protests. The *Westminster Gazette*, of London, on July 23, 1927, stated:

"Vehement protests were despatched to the prime minister yesterday from important corn trade associations throughout the country, including London and Liverpool, protesting against his references, in his Lincolnshire speech on Thursday, to the Canadian Wheat Pool.

"A member of the London Corn Trade Association and the Liverpool Corn Trade Association, said to the *Westminster Gazette* last night: "The London corn trade is very resentful over the prime minister's speech."

"The feeling of the trade is that had it not been in a large measure owing to the activity of the Canadian Wheat Pool, it is a very open question whether the prices of wheat, one of the necessities of life in the United Kingdom, would have been so high. The Canadian Wheat Pool has so arranged things that it is dribbling out wheat just as it thinks Europe needs it. The original invention was to insure the more even marketing of the Canadian wheat crop, but the impression is that it has gone far beyond this in making it difficult to buy in competition with the wheats of other countries."

Sir John Aird, President and General Manager of the Canadian Bank of Commerce, in his address to the shareholders at the annual meeting on January 12th, 1926, said: "The change in the method of handling the western wheat crop has also an influence of the same character. The marketing of the grain is now in part financed by the farmer's own funds. The proceeds of the sale of his grain are disbursed to him by instalments and the partial distribution made in the spring provides him with funds for his seeding operations. The change makes for more orderly financing on the farmer's part, and is in this respect beneficial. Any loss which the banks thus experience will undoubtedly be more than made up to them in the long run by the increased prosperity of their customers."

N. C. Stevens, Assistant General Manager of Standard Bank of Canada: "Another factor in the improvement is, undoubtedly, the Wheat Pool. Everywhere our branch managers express the belief that the stabilization of prices, and the spreading of payments throughout the year, are of great help to the farmer. If honest and skillful administration of the Pool continues, as it has in the past, I am convinced that it will prove one of the biggest steps forward which the west has ever seen."

The Northwest Miller: "Faced with the necessity of pioneering in a new field and with untried tools, the Pool has proved its ability to adapt its methods to changing conditions, and undoubtedly has won the confidence not only of its members, but of business and industrial interests in Canada outside of agriculture and the grain trade. This can be regarded only as a signal accomplishment."

George Broomhall, in the *London Times*: "Competition is greatly curtailed and expenses reduced by centralized handling, while there is always a chance that a Pool dealing with millions of bushels may obtain very favorable rates of freight."

"The limitation of selling competition is an important matter and there is reason to think it has been a powerful influence in preventing a bad slump in prices in the current season."

"Before the Pools were in existence merchants were sometimes heard to say that wheat was being flung at them, but it is not so now. The Pool's aim is to 'feed the market'."

The above extract is from an article by George Broomhall in the *London Times*. Broomhall is the publisher of the *Corn Trade News* and is recognized as the best posted authority on international grain marketing in the world.

The President of the International Harvester Company, at the 1926 meeting of the shareholders: "The disparity between the purchasing power of the American farmer and of people in other industries has not lessened during the past year. The outlook for Canadian farmers continues favourable, chiefly because of the better price obtained through successful co-operative grain marketing."

The Prime Minister of Saskatchewan: Premier Gardiner, of Saskatchewan, speaking at the annual banquet of the Saskatchewan Land Mortgage Companies' Association in Regina in April, 1926, stated that he

thought every financial institution, every loan company, every implement dealer, and every business man in Saskatchewan, except perhaps those in the private grain trade, would say that the Province had benefited by the existence of the Pool. "It is not necessary to prove that we have received more for wheat to establish that fact," said Mr. Gardiner. "There are benefits which are apparent to all. The greatest drawback to sound development of the chief industry in this Province has been the necessity for marketing 75 per cent of our wheat in three months."

At the Alberta Wheat Pool Rally, held in Calgary, on June 8th, 1927, Premier Gardiner concluded his address with the following words:

"I am willing to pool my wheat along with the farmers who live at greater distance and nearer to the market. Because if we are going to accomplish anything as farmers in the handling of our business on our farms in dealing with this economic question with our own marketing facilities, we will have to do it acting and working together, standing shoulder to shoulder for the benefit of ourselves as individuals, and as a farming community in the Dominion of Canada."

The Premier of Manitoba, Honourable John Bracken: "A national co-operative marketing program for all agricultural products, following the wheat pool method, is the greatest need of our farmers today," said Premier Bracken, addressing a gathering at the Birtle Demonstration Farm on August 5th, 1926. "Western Canada's greatest asset is its land and upon its intelligent development depends her ultimate success," he said.

Honourable R. B. Bennett, K.C., M.P.: The Honourable R. B. Bennett, former Dominion Minister of Finance, and recently elected as permanent leader of the Conservative Party in Canada, concluded his address at the Wheat Pool Rally as follows:

"Your work in the next few weeks lies in having these Pool contracts signed and when they are signed see that they are not broken. It is better not to have vowed than to have vowed and not kept that vow. 'Break not thy contract' is as old as civilization itself. I cannot but believe that the same high sentiments that prompted the men and women of this province four or five years ago, in the light of the experience they have had as to price, as to orderly marketing of their produce, the value of the partial payment, in the hope that comes from removal of grievances, in the realization of the vast spread between the cost in Canada and the cost in the markets of the world, that a single seller is better than a thousand sellers, have not changed tonight. The proposition that the great cartels of England and Germany and France claim with respect to steel and iron, the enjoyment of their rights in those great industries, is the same in the matter of the rights of the farmers of this province. If the idea is continued that has existed from the start of the Pooling organization, if those conditions govern you in the years to come, I am satisfied instead of being sixty or seventy per cent that Alberta farmers will realize the duty and obligation which is on them to make certain this great farmers' movement becomes a great deal stronger. The movement is the farmers', not the movement of lawyers or doctors or politicians—it is their own business, controlled by their own directors, and managed by their own managers.

"If it fails you have struck a blow at farmers' organizations that will not be recoverable in the next half century.

"I leave the problem to you and by signing up you will be doing Alberta a service, and one to Canada not equalled since Confederation."

The Honourable J. E. Brownlee. The following is an extract from an address delivered by the Honourable J. E. Brownlee, premier of Alberta, at the Wheat Pool Rally held in Calgary June 8, 1927:

"I believe that the strongest demonstration made to the world, so far as the marketing of wheat is concerned is what has been done by the farmers of Western Canada since 1923. At the International Conference practically the entire time was taken up with a discussion of the Canadian Wheat Pools. You have set an example to the whole of the civilized world and when you come to consider what your duty is going to be in the new sign-up campaign let me say it is not a matter of the individual. It is a matter of the welfare of the farmers of the province as a whole. And secondly, whether you are going to continue to show to the world what can be done by organized mar-

keting, and by setting that example and holding it up as a light to farmers of other countries to organize like yourselves and join hands with you as far as possible in cutting down overhead in the sale and marketing of wheat. By doing that I believe that by working together you can gradually bring about that improvement in the return made to the farmer which will solve the fundamental question, namely, that the farmer should get the cost of production plus a substantial profit adequate to the work and labor put into the growing of his crop."

U. S. Secretary of Agriculture: "The achievements of our neighbors in Canada bear splendid testimony to the resourcefulness and ability of Canadian farmers and agricultural leaders and are an example to grain producers in other countries."—W. M. Jardine, Secretary of Agriculture in the United States.

"The Financial Times", London, England: "The Canadian farmers' Central Selling Agency, a voluntary body, formed on the lines of the War Wheat Board, now markets 220,000,000 bushels of grain a year to countries all over the world and it has been so successful that it is eager that the idea should be placed on a world-wide basis."

Food Research Institute: "But exporters, particularly the Canadian and Australian Wheat Pools, did not press their offers in view of import requirements known to be heavy and a price level already relatively low:

"The factors proximately responsible for the firmness appear to have been on the one hand the low stocks in Europe; and on the other, the position of wheat in strong hands in exporting countries.

"Restrained offers by the Pool appear to have contributed to the strength of Winnipeg futures."—From "Wheat Studies" published by the Food Research Institute, Stanford University, California.

New York Exchange: "A strengthening factor of the world's market which a great many lose sight of, is that the wheat exports from the three largest exporting countries outside of the United States, namely, Canada, Australia and Argentine are well controlled and not forced on the world's market injudiciously."—Alex Hansen, Chairman of the Grain Futures Committee of the New York Produce Exchange.

"Milling", Liverpool, Eng., April 16, 1927: "The Canadian Wheat Pool has upset a good many prophecies. It has dribbled out supplies at prices which few expected in the face of abundance of the season."

The "Toronto Globe": "The Pools of the West, though still arousing controversy with the grain trade, are well established, and are looked upon as permanent."

The "Regina Leader": "No one can very well argue that the Western Wheat Pool movement has not been justified. It is proving its value by results, and not the least among these is the growing stability it is helping to insure in the West and the better spirit it has helped to induce among the thousands of agriculturists it serves."

The "Calgary Herald": "Ability, experience and prudence have marked the administration of the Pool in this province. Pool marketing is not a flash-in-the-pan venture, but a definite and probably permanent development in the evolution of transferring wheat from producer to consumer."

The "Saskatoon Star": "Saskatoon as a commercial and distributing centre depends on the agricultural industry and is anxious to lend support to the farmers in their fight for economic justice and a higher standard of life. The business people of Saskatoon appreciate the immense value of the pool movement. They know from direct experience that the Wheat Pool has already effected a marked improvement in the position of the farmers."

The "Regina Daily Post": "The grain pool movement has become a proved and established success on the Canadian prairies, and this very success of it may prove an immigration factor of marked importance."

The "Moose Jaw Herald": "The Wheat Pool is justified by its work. Its success cannot be measured from the standpoint of prices and orderly marketing only. It has a spiritual value that cannot be considered in terms of dollars and cents. The mere fact that the prairie farmers have been able to act-together in putting this "Big Business" over, has more significance for



the future in the matter of economic developments than has any other phase of the Pool movement."

C. O. Smith, Editor of the "Calgary Herald" and President of the Calgary Board of Trade. In an address to the Vancouver Board of Trade on the subject: "British Columbia and Alberta: a Self-Contained Empire":

"We have heard much about the Wheat Pool. I stand here—as does the *Calgary Herald* in Alberta—an open, avowed and confident supporter of the Alberta Pool. Since 1923, not one member of the Wheat Pool has ever come into our office to say, nor has any member said outside to us, that he is dissatisfied with the Pool's operations. On the other hand, we have had bankers and business men of the Province—many of them—say that the Wheat Pool has worked a transformation in the Province and that its system of deferred payments, by financing the farmers when they most need financing, has proved good for the farmers, good for the banks, and good for business in general. What some people have not yet taken into consideration is that the Wheat Pool is more than a material and financial factor, it is a psychological factor, making for the contentment in the major portion of a Province's population—something that cannot be measured by so many cents a bushel.

"Ability, experience and prudence have marked the administration of the Pool in this Province. Pool marketing is not a flash-in-the-pan venture, but a definite and probably permanent development in the evolution of transferring wheat from producer to consumer."

"Edmonton Journal": "The Pool has behind it a great body of well-wishers who share the views expressed by Mr. Bennett at the Wheat Pool Rally and they see no reason for any diminution of confidence in its future. It certainly will not be lessened by the results of the past year's operations that are now made public."

Robert Gardiner, M.P.: "We have had four years of the Wheat Pool. The audience here this afternoon, many of whom come from sections far off, is to some extent an appreciation of the good which the Wheat Pool has done to all classes of citizens in this province."—Extract from address delivered at Wheat Pool Rally.

Mayor A. U. G. Bury, of Edmonton: "The Pool is working to make agriculture a success along normal natural sound economic lines."—Extract from address delivered at Pool Rally.

Senator W. A. Buchanan: "I believe that the Pool movement is a creation of value and that it has done a great deal to stabilize agriculture in this province and to provide a means of orderly marketing, and to give to the farmer, a chance to receive a revenue from their crops in an orderly and regular way throughout the year instead of being paid in full at the beginning of the season."—Extract from address delivered at Pool Rally.

United States Senator Capper: "I believe that such a theory of selling is sound. Certainly the success of the Canadian Pools in the last three years has been outstanding in world marketing history."

"Vancouver Sun": "Standing head and shoulders above all the problems agriculture must face the world over, is the problem of marketing farm products; and of all methods ever proposed, only co-operative marketing at point of consumption as opposed to individual selling at point of production, has ever stood the test of actual experience."

Geo. H. Barr, K.C., in "Monetary Times": "In addition to the prosperity which this institution has brought to the community, there are certain collateral advantages which should not be lost sight of. Possibly the most important of these is one to which very little prominence has been given, namely, the development of the farmers themselves. It is already apparent, to those who have taken the trouble to observe, that a great deal of latent ability among the farmers of Western Canada is being developed and finding expression. In any meeting of Western farmers, where economic problems are considered, one cannot help but be impressed with the wide reading and careful study of which many of the members give evidence in their discussions. And while we are apt to stress the wealth of material things which a new and successful organization contributes to the community, we should not overlook the wealth of character and business capacity which is being developed."

Lord Bledisloe, Former British Minister of Agriculture and now Permanent Secretary to the British Board of Agriculture: "There is one satisfactory feature of wheat speculation for which the world has to be thankful. It has led the Canadian wheat farmers of the Prairie Provinces to form a big pool through which they have got control of 65 per cent of the whole of the wheat into their hands. One effect is that instead of the speculation middleman getting the advantage and upsetting the wheat and bread prices of the world, there is far more stabilization of prices."

Premier Bruce, of Australia, at the last Imperial Conference: "I am certain that in the end, it will be enormously to the benefit of the consumer if we can get all marketing done on a basis where the producers are not subject to the machinations of the speculator. If we can keep a steady and regular price, the consumers themselves will obtain what they require on a better basis than they do at the present time. I think it is most undesirable that there should be any encouragement given to the idea that these efforts, which of necessity the Dominions have had to make in order to insure the position of their own producers, are in any way directed against the consumer."

Hon. W. M. Jardine, United States Secretary of Agriculture, in an address at the Country Club at Kansas, June 2, states: "Our own grain men won't admit it, but I am convinced the advantage Canada has gained is due to the fact that every day and every hour they control and direct movement of wheat in a way that brings greater returns to the producer than those in the United States. They have high powered salesmen in market centers and they create a demand for Canadian wheat. You don't believe this out here. But it is true."

"Hamilton Spectator": "The Pool controls considerably more than half the total acreage of wheat in the three prairie provinces. The Central Selling Agency has direct connections with every wheat-importing country in the world and has representatives in over 50 ports. Co-operative marketing has undoubtedly resulted in great advantages to the growers. It has insured economy of operation and has eliminated the middlemen, who bought to make a profit for themselves on the re-sale."

Saskatchewan Life Underwriters: "Resolved that the Life Underwriters of Saskatchewan in annual convention assembled send greetings to the Wheat Pool Directors and Executive, coupling with these the assurance that this Association as a body promises its support in furthering the activities of the Pool and deepening the loyalty of the community to this great organization."

The Grain, Seed and Oil Reporter: "The wonder is that prices have been as well maintained as they have. The fact is that the power of the Wheat Pools, to hold up wheat is hardly realised as yet, but undoubtedly they have managed to keep the price firmer than the statistical position seems to warrant."

Hon. S. F. Tolmie, Ex-Minister of Agriculture for Canada: "The great problem confronting agriculture today is the profitable distribution of our products. Co-operation in selling gives the greatest promise of solution to this question and in this regard the work of the Co-operative Wheat Pool is a practical demonstration of what can be accomplished by well organized effort in this direction."

"Manchester Guardian": "Perhaps the most notable economic combination which Canada has seen in recent years is to be found in the co-operative grain Pools of the three prairie provinces."

Dr. W. W. Swanson, Head of the Department of Economics, University of Saskatchewan: "Among the economic factors showing the development of Saskatchewan and the West in general at the present time, the most outstanding or at least the most significant in its accomplishments and promise is the Wheat Pool. This is due to a variety of circumstances, chief among them being the stimulus given to greater production in view of better net prices to the farmer and the development of the capacity for co-operating not only in the field of agricultural enterprise but in every other department of life."

"Canadian Milling & Grain Journal": "Insofar as the activities of the Pools are directed against the unwarrantable fluctuations in price.

sometimes engineered by speculation, they certainly exercise a most beneficial influence upon the market. Neither producer nor consumer reap the profit of these fluctuations, but it is going to middlemen, who had the nerve to wait, and were financially able to wait, till the market suited them to buy, or to sell, as the case may be. What the Pool is doing is to employ the middleman, thus effecting a stabilizing influence on prices, to the benefit of producer and consumer alike."

Wm. Gallagher, Director of the Scottish Wholesale Society. "Rightly or wrongly, the farmer believes that the 'Pool' is responsible for this gratifying increase in wheat prices, and while there are other factors operating, there is no doubt whatever that the 'Pool' exercises a tremendously steady influence upon prices."

"London Free Press": "The Pool has stabilized agricultural industry in the West, has brought better prices and has pulled the farmers of the West out of the slough of despond. It is no wonder that the farmers of the United States are thinking of following in the trail blazed by Western Canada and that Premier Baldwin advised the agriculturists of England, who are exceedingly distressed at the present time, to study the co-operative movement of the Prairies."

Arthur Cutten, of Chicago, is one of the best known wheat traders in America. He has made several fortunes during the past few years speculating in wheat. In an interview with the *Chicago Herald and Examiner*, in September, 1927, he said: "Pools, buying and selling associations, too much export crop reporting that is not substantiated by later developments, have brought great changes in the grain business. Trading in the future market is no longer attractive to me. Conditions are too difficult to analyze. Even a correct analysis may be temporarily offset by the modern methods of pool selling and association buying. I am through with trading in grain."

E. F. Wise is one of the best known authorities in Great Britain on food supplies. Early in September of 1927, in discussing the Canadian Pools with the British Labour paper, the *Daily Herald*, said: "These Pools are actually an important stage in the re-organization of the world's wheat supply which the labour report on agriculture contemplates and desires. While we in this country are urging co-operation among our own farmers the Canadians have gone and done it." Mr. Wise also stated that much of the profit of wheat speculators of Chicago and Winnipeg has been reduced and stated that he thought the Pool system would become world embracing.

Dr. W. J. Black, head of the Department of Agriculture and Colonization of the Canadian National Railways in an interview in England, where he made a survey of immigration prospects during the summer of 1927, credited the Canadian Wheat Pools with having brought increased prosperity to farmers to such an extent as to prove a strong factor in encouraging immigration to Canada.



XI. WHEAT POOL STATISTICS

Wheat Production 1909-1926

| Year | World Production Excluding Russia and China | United States | Argentina | Australia | Canada |
|------|---------------------------------------------------------|------------------|-----------------|-----------------|-----------------|
| | Million Bushels | 1000 Bushels | 1000 Bushels | 1000 Bushels | 1000 Bushels |
| 1909 | 2819 | 700434 | 131010 | 90414 | 166744 |
| 1910 | 2777 | 635121 | 145981 | 95112 | 132049 |
| 1911 | 3043 | 621338 | 166190 | 71636 | 230924 |
| 1912 | 3093 | 730267 | 187391 | 91981 | 224159 |
| 1913 | 3098 | 763380 | 104723 | 103344 | 231717 |
| 1914 | 2834 | 891017 | 169166 | 24892 | 161280 |
| 1915 | 3497 | 1025801 | 169019 | 179066 | 393543 |
| 1916 | 2734 | 636318 | 84121 | 152420 | 262781 |
| 1917 | 2574 | 636655 | 234818 | 114734 | 233743 |
| 1918 | 2891 | 921438 | 180182 | 75638 | 189075 |
| 1919 | 2821 | 967971 | 216954 | 45975 | 193260 |
| 1920 | 2948 | 833027 | 156133 | 145874 | 263189 |
| 1921 | 3169 | 814905 | 191012 | 129089 | 300858 |
| 1922 | 3225 | 867598 | 195842 | 109455 | 399786 |
| 1923 | 3551 | 797394 | 247807 | 124993 | 474199 |
| 1924 | 3145 | 864428 | 191138 | 164559 | 262097 |
| 1925 | 3400 | 676429 | 191140 | 113443 | 411376 |
| 1926 | 3441 | 832305 | 222800 | 164000 | 405814 |

Membership, Etc., of Three Pools

1923-24 Crop Year

| | Average Provincial Acreage | Yield per Acre | Provincial Production | Pool Mem- bership | Pool Acreage | Pool Handling |
|-----------------|----------------------------------|----------------------|--------------------------|-------------------------|-----------------|------------------|
| | | | Bushels | | | Bushels |
| Alberta..... | 5,172,643 | 28.0 | 144,834,000 | 25,601 | 2,416,413 | 34,218,980 |
| Manitoba..... | 2,195,915 | 12.3 | 35,804,000 | | | |
| Saskatchewan... | 12,791,000 | 21.3 | 271,622,000 | | | |

1924-25 Crop Year

| | | | | | | |
|-----------------|------------|------|-------------|--------|-----------|------------|
| Alberta..... | 5,573,813 | 12.5 | 61,312,000 | 30,711 | 2,952,890 | 23,027,492 |
| Manitoba..... | 2,459,408 | 16.9 | 41,464,000 | 9,216 | 735,866 | 8,440,214 |
| Saskatchewan... | 13,033,000 | 10.2 | 132,918,000 | 51,268 | 7,955,590 | 50,202,599 |
| | | | | | | 81,670,305 |

1925-26 Crop

| | | | | | | |
|-----------------|------------|------|-------------|--------|-----------|-------------|
| Alberta..... | 5,719,749 | 18.0 | 102,955,000 | 35,997 | 3,457,673 | 45,159,505 |
| Manitoba..... | 2,220,100 | 17.8 | 39,453,000 | 14,372 | 1,058,182 | 12,487,859 |
| Saskatchewan... | 13,002,741 | 18.5 | 240,551,000 | 72,016 | 9,564,299 | 129,600,522 |
| | | | | | | 187,247,886 |

1926-27 Crop

| | | | | | | |
|-----------------|------------|------|-------------|--------|------------|-------------|
| Alberta..... | 6,114,418 | 18.5 | 113,120,000 | 38,460 | 3,650,703 | 44,287,382 |
| Manitoba..... | 2,285,838 | 22.6 | 51,667,000 | 17,234 | 1,215,047 | 16,208,625 |
| Saskatchewan... | 13,496,457 | 16.2 | 218,643,000 | 80,418 | 10,664,948 | 119,459,472 |
| | | | | | | 179,955,479 |

NOTE: By the terms of the agreement between the three provincial Pools the Pool which ships grain west is credited with the premiums paid at Vancouver over the cash prices prevailing at Fort William. The premiums are used to absorb the extra cost of freight of the grain necessary to be shipped east as all growers are paid on basis of freight rate to Vancouver. In 1924-45 there was approximately \$470,000 in premiums, after taking off the freight differential, to use to offset operating expenses. In 1925-26 the freight differential practically absorbed the total sum obtained from premiums.

POOL ELEVATOR OPERATIONS

| | No. in 1925 | Total Handling | Average per Elevator * | No. in 1926 | Total Handling | Average per Elevator | No. in 1927 | Total Capacity |
|--------------|----------------|-------------------|---------------------------|----------------|-------------------|-------------------------|----------------|-------------------|
| Alberta | 3 | 297,920 | 99,300 | 42 | 4,934,460 | 117,487 | 160 | 6,400,000 |
| Manitoba | 8 | 1,440,000 | 180,000 | 30 | 5,640,000 | 188,000 | 57† | 2,510,000 |
| Saskatchewan | 89 | 15,958,757 | 178,413 | 582 | 79,142,000 | 136,000 | 720 | 21,600,000 |

*--Alberta elevators not opened until December. A number of Saskatchewan elevators not opened until November.
†--Eight Leased.

Pool- Terminal Elevators

| Alberta Pool | | Canadian Pool | | Saskatchewan Pool | | Bushels Handled 1926-27 | |
|---------------------------------------|-----------|--------------------|------------|-------------------|-----------|-------------------------------|---------|
| Elevator | Capacity | Elevator | Capacity | Elevator | Capacity | | 1926-27 |
| Prince Rupert | 1,250,000 | Fort William No. 1 | 1,300,000 | Port Arthur No. 4 | 6,425,000 | 29,863,453 | |
| | | | | Buffalo Transfer | | | |
| Vancouver | 1,650,000 | Fort William No. 2 | 575,000 | Elevator | 2,000,000 | | |
| Vancouver* | 2,400,000 | Fort William No. 3 | 225,000 | Port Arthur No. 5 | 2,150,000 | 16,339,006 | |
| | | | | Port Arthur No. 6 | 7,500,000 | 29,588,638 | |
| | 5,300,000 | | 2,100,000 | Port Arthur No. 7 | 6,900,000 | | |
| Total Pool Terminal Elevator Capacity | | | 32,375,000 | | | | |

*--Under construction.

Alberta Pool Operating Costs, Reserves and Prices

| Crop Year | Gross Price rec'd from Selling Agency Basis No. 1 Northern at Vancouver per Bushel. | Gross Deduction c. per Bushel | Net Price to Grower Basis No. 1 Northern at Vancouver per Bushel | Credit to Grower as Commercial Reserve c. per Bushel | Credit to Grower as Elevator Reserve c. per Bushel | Total Operating and Administrative Expense c. per Bushel |
|-----------|-------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|
| 1923-24 | \$1.0209 | 1 1/10c | \$1.01 | .61c | | .484c* |
| 1924-25 | \$1.66 | 3c | \$1.63 | .66c | 2c | .634c† |
| 1925-26 | \$1.45 | 2 1/2c | \$1.42 1/2 | .145c | 2c | .418c‡ |
| 1926-27 | \$1.42 | 3 1/2c | \$1.38 1/2 | 1.15c | 2c | .450c§ |

(The following to be included in the above Table)

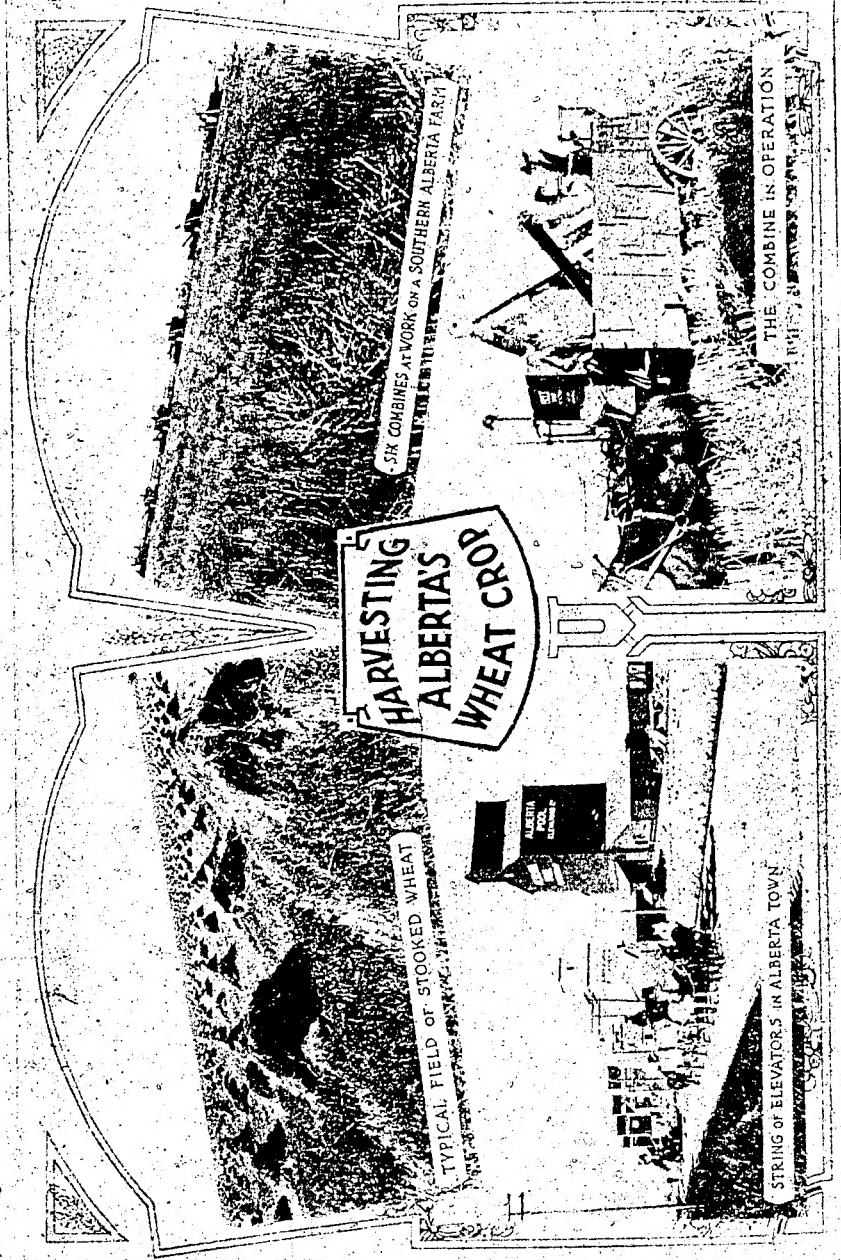
| | Net Deductions from Growers c. per Bushel | Total Elevator Reserve | Total Commercial Reserve | Gross Turnover |
|----------|-------------------------------------------|------------------------|--------------------------|----------------|
| 1923-24* | .484c | | \$209,953.91 | \$40,646,672 |
| 1924-25 | .340c | \$ 442,190.94 | 148,514.18 | 35,042,014 |
| 1925-26 | .355c | 903,193.07 | 65,457.66 | 60,589,910 |
| 1926-27 | .347c | 885,747.64 | 510,854.84 | 54,750,983 |
| Total | | \$2,231,131.65 | \$934,780.59 | \$191,029,579 |

* In 1923 administrative and operating costs included selling charges, interest and terminal carrying charges as Alberta was the only Pool operating.

† .294c was deducted from this figure, being adjustment for freight differential, interest earned, service charges and revenue from premiums at Vancouver, making net deduction from growers of .34c to pay expenses not covered by sundry revenue.

‡ .063c deducted from this figure, being adjustment for freight differential, interest earned, service charges and revenue from premiums at Vancouver, making net deduction from growers of 0.355c per bushel to pay expenses not covered by sundry revenue.

§ .103c deducted from above figure, being adjustment of freight differential, carrying charges, Vancouver premiums and surplus elevator earnings, making net deduction from growers of .347c per bushel to cover expenses not covered by sundry revenue.



SIX COMBINES AT WORK ON A SOUTHERN ALBERTA FARM

THE COMBINE IN OPERATION

**HARVESTING
ALBERTA'S
WHEAT CROP**

TYPICAL FIELD OF STOOKED WHEAT

STRING OF ELEVATORS IN ALBERTA TOWN

CHART SHOWING WHEAT POOL ORGANIZATION

WITH PARTICULAR REFERENCE TO ALBERTA

